



LEGISLATIVE ASSEMBLY
FOR THE AUSTRALIAN CAPITAL TERRITORY

STANDING COMMITTEE ON ECONOMY AND GENDER AND ECONOMIC EQUALITY
Ms Leanne Castley MLA (Chair), Ms Suzanne Orr MLA (Deputy Chair),
Mr Johnathan Davis MLA

Submission Cover sheet

Inquiry into Housing and Rental
Affordability

Submission number: 003

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Subject: Inquiry into Housing and Rental Affordability

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To the Standing Committee on Economy and Gender and Economic Equality,

Re: Inquiry into Housing and Rental Affordability

I'm writing on behalf of Better Renting, a community of renters working together for stable, affordable, and healthy homes.

When people are going homeless, or struggling to afford their homes, the presence of vacant potential homes in the ACT is an insult. It's good to see this issue garnering attention. In general, shifting vacant properties into the housing pool, whether for rental or owner-occupation, will increase total supply and improve choice and affordability.

Vacancies in residential properties happen because investors can make so much money from capital gains that they decide not to bother with renting a property out. This gives them more optionality and makes it easier to sell if and when they choose. The fundamental problem here is that the property is treated as an asset, rather than a place that could be someone's homes. Cameron Murray has discussed this phenomenon, for example here: <https://www.domain.com.au/news/empty-homes-the-economic-reasons-behind-investors-keeping-properties-vacant-20170404-gvdc7l/>

The ACT does not currently penalise this behaviour, for example through a vacancy tax. While the ACT has previously acted to levy land tax on empty investment properties, this only equalised their treatment compared to tenanted properties. That is, an owner of an investment property pays the same land tax regardless of whether it is vacant or not.

An additional vacancy tax would incentivise property investors to make their properties available as rental homes. Or, it would at least generate revenue. It would likely discourage property speculation. Specifically, it's hard to see how it would discourage property investment *where such investment would contribute to supply*. That is, the only people who would be deterred by this change are those whose properties would have been vacant, and thus not contributing to supply.

Regards,

Joel Dignam
Executive Director
Better Renting