



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

Inquiry into Housing and rental affordability **ANSWER TO QUESTION TAKEN ON NOTICE** **[Friday 16 September 2022]**

Asked by Mr Johnathan Davis MLA on 16 September 2022: Mr Howard Maclean took on notice the following questions:

[Ref: UPT 16 September 2022, p 17)

In relation to: Land tax liability reduction and number of places.

MR DAVIS: *I will be really quick. The Parliamentary and Governing Agreement commits 250 places for landlords to list their properties at an affordable rate with an affordable agency and reduce their land tax liability to zero. Do you think that is a good program? If so, do you think 250 places is enough?*

Mr Howard Maclean: The answer to the Member's question is as follows:

Background information

The Affordable Community Housing Land Tax Exemption is a limited exemption from ACT land tax, available for up to 250 ACT properties, for property owners who rent out their property through a registered community housing provider, at a rate at least 25% lower than market rent, to tenants who meet certain income criteria.

Additionally, property owners receive a Commonwealth income tax deduction for the difference between the market rent and the affordable rent, as the market rent discount is deemed a tax-deductible donation to the administering community housing provider.

The ACHLTE does not directly work to reduce barriers to building new homes; rather it provides a significant government subsidy for landlords who choose to rent their property out for 25% below market rate. This mechanism allows the government to bring additional dwellings into affordable housing schemes without an upfront capital investment.

Our position

As we have expressed in both our submission and in our oral evidence, our focus is primarily on reforming the planning system to encourage greater housing supply and reduce the costs of building new homes, for both social and private market-rate housing, which we believe is one of the highest-impact reforms to improve overall housing affordability. While we strongly support increased investment in public and social housing, specific funding mechanisms such as the ACHLTE are outside the scope of our core policy agenda.

Our current view is that it appears unlikely that expanding the ACHLTE would have an impact on the overall supply of housing in the ACT. The subsidy does not appear to be generous enough to induce significant new housing investment under most circumstances.

However, expansion of the ACHLTE could play a role addressing housing stress for qualifying low-income households in the ACT. Factors that would need to be considered to assess the merits of expanding the scheme and the optimum scale of the scheme include:

- Current scheme uptake
- The cost of land tax relief provided under the scheme as compared with the 25% rental discount provided to tenants
- The merits of alternative approaches such as buying units off the market to rent at discounted rates, or providing direct rental subsidies to low-income tenants

We note that stakeholders such as YWCA, HomeGround, CMTEDD and CSD may be better placed to provide evidence on the efficacy of the scheme in helping meet demand in the affordable housing market.

Approved for circulation to the Standing Committee on Economy and Gender and Economic Equality

Signature:  Date: 27/09/2022

By the Convenor of Greater Canberra Inc.