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 three 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

# affordability plan for all Australians A comprehensive housing

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







































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 Releasing suitable Commonwealth land, starting with 127 hectares of Investing in cities through City Deals, including in Western Sydney surplus Defence land in Melbourne

Establishing the \$1 billion National Housing Infrastructure Facility

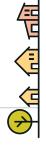
· A new National Housing and Homelessness Agreement linked to

outcomes including aggregate housing supply targets

Encouraging planning and zoning reforms

Developing a public and online Commonwealth land registry





Home Ownership

from 43 to 54 per cent in Greater Sydney and 37 to 45 per cent in Greater Melbourne, between 2007-08 and 2013-14

almost 200,000 households on

As at 30 June 2016, there were social housing waiting lists Assisted Home Ownership **Private Rental** 

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

affordable and available

homes for low income

households

The most recent figures

show that there is a

shortage of 271,000

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

Affordable Rental

Social

Crisis







Promoting rent-to-buy and shared



residential properties

· Increasing the capital gains tax discount to 60 per cent for individual investors in

affordable housing

· Establishing the National Housing Finance and Investment Corporation

**Funding Social Impact Investing** 

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

Improving outcomes for those most in need

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

deposits within superannuation through Reducing barriers to downsizing to free

voluntary contributions

Allowing first home buyers to build













# Limiting foreign investment approvals in · Improving the integrity of capital gains tax rules for foreign investors

# exclusively to first home buyers new developments

Encouraging new housing that is offered