



Homes for  
the community

# Media Statement

29<sup>th</sup> March 2019

## Land tax exemption legislation unlocks innovative channel to address Canberra's rental affordability challenge

CHC applauds the Legislative Assembly's passage last week of amendments to the [Land Tax Act](#), that provide for a land tax exemption for owners of residential investment properties that are managed through a registered community housing provider.

The legislation is slated to take effect from next Monday 1<sup>st</sup> April 2019, with a maximum of 100 properties to be eligible for the land tax exemption during an initial pilot period ending 30 June 2021. The targeted tenants are families that do not qualify for public housing, and which pay a significant proportion of their income in the private rental market. Tenant income must be in the bottom two income quintiles (<\$100,000 p.a. combined household income) and properties must be rented at a rate that is a 25% reduction of market rent.

***Canberra is the most expensive city in Australia in which to rent a house, and second most expensive in which to rent a unit, leaving half of lower income households in the private rental market in a state of housing stress***

High priced rents in Canberra have resulted in half of lower income households in the private rental market being in housing stress, spending more than 30% of their gross income on rent ([Report on Government Services 2019](#), Table GA.3). With market rents rising by almost 4% and 8% respectively for houses and units through 2018, the rental affordability challenge is only growing ([Domain House Price Report](#), December Quarter 2018).

### How does it work?

CHC provide housing options for lower income households that are unable to obtain public housing, and for whom the private rental market is unaffordable. Such households for example include key worker families, people with a disability, people escaping domestic and family violence, and older women. CHC has historically developed and retained properties to manage as affordable rentals, but with the new land tax exemption scheme CHC's services will expand to recruit landlords of existing homes that then qualify for land tax exemption to compensate owners for the reduced rental return.

Professional tenancy and property management of these new landlord-owned properties will be undertaken through CHC's new not-for-profit real estate agency, which has been in the planning for the past 12 months, and is now fully licensed and will officially launch in May. Landlords will retain final decision rights over tenant selection.

***HomeGround Real Estate Canberra, a social enterprise of CHC, will manage tenancies linked to the new land tax exemption scheme, and is now seeking expressions of interest from landlords that are seeking to make a difference in this way***

**An example of how the numbers would stack up:**

House value = \$738,933 (Canberra median house price, Domain, December Quarter 2018)

Unimproved value = \$510,000 (Indicative)

Market rent = \$560/week (Canberra median house rent, Domain, December Quarter 2018)

25% discount = Rent foregone = \$140/week

Land tax exemption benefit = \$100/week (ACT rates and land tax calculator)

Landlord hip-pocket impact = 140 – 100 = \$40/week

**How to take part?**

Landlords interested in contributing properties to the scheme, or learning more, are encouraged to email: [enquiries@homegroundcanberra.com.au](mailto:enquiries@homegroundcanberra.com.au)

**Comments**

CHC's CEO, Andrew Hannan, has stated that: "Passage of this legislation is wonderful in that it supports the potential for the broader community to contribute to addressing rental affordability. Exemption from paying land tax on properties, coupled with the desire to make a real and meaningful difference to those in our community who may currently be in housing stress, we hope will be a great incentive for landlords to consider listing their rental properties with us. In addition, the potential also exists for landlords to benefit from an expected future ATO Tax Ruling that would see rent foregone treated as a charitable donation".

"The scheme is a very efficient way to grow the supply of affordable rentals, avoiding the capital burden, long lead times and risks in undertaking new affordable housing development and building from scratch. The challenge is now to ensure that the ACT Government's initial two year pilot is a roaring success so that it continues on an ongoing basis."

Last year CHC was awarded a \$230,000 grant under the ACT Government's Innovation Fund, which has made launching the new not-for-profit real estate property management agency a possibility.

Ends

**Media Contact: Andrew Hannan, CEO, [andrew@chcaustralia.com.au](mailto:andrew@chcaustralia.com.au), 0404 861 896**

**About CHC**

CHC is the largest not-for-profit registered community housing provider in the ACT with over 20 years' experience in developing, owning and managing quality affordable housing.

CHC's mission is to provide affordable homes, predominantly for rent, to individuals and families. CHC currently provides a home for over 1300 Canberrans, and in the past year self-funded a direct rental subsidy of \$3.1m to lower income Canberrans, and over the past 20 years has directly funded a rental subsidy of over \$25m. CHC aims to provide affordable homes for over 2000 Canberrans by 2022. Other key statistics are available in our [Annual Report](#).