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Treasurer

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MEDIA RELEASE

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LAND TAX CUT TO DRIVE BUILD-TO-RENT REVOLUTION

The NSW Government will introduce a land tax discount for new build-to-rent housing projects until 2040 and a new Housing Diversity SEPP to provide more housing options, greater surety for renters, boost construction and support jobs during the COVID-19 recovery.

NSW Treasurer Dominic Perrottet and Planning and Public Spaces Minister Rob Stokes said the tax cut would encourage build-to-rent developments by ensuring they were subject to similar overall amounts of State tax as comparable build-to-sell developments.

“Build-to-rent is popular overseas but still in its infancy in Australia, and we want to remove barriers and allow this segment of the market to grow,” Mr Perrottet said.

“Renters benefit through greater choice and because the focus is placed on them, rather than just geared towards property owners, it has an added benefit of encouraging better quality rental properties and much longer-term leases.

“This will provide further confidence, boost the housing construction industry, create more options for investors and builders of developments and ultimately more housing options and security for tenants.”

The discount will be equivalent to at least a 50 per cent reduction in land tax, dependent on the unimproved land value. To be eligible for the discount, a build-to-rent development in metropolitan areas must be at least 50 units, with a different threshold for regional areas to be considered.

Construction must have commenced on or after 1 July 2020 and the projects must provide purpose built rental units, be managed under unified ownership, and include options for longer leases.

An exemption from foreign investor surcharges will also be provided until 2040 for Build-to-Rent developers, and integrity measures will be included to ensure that these discounts are not used for tax avoidance.

Full eligibility criteria for build-to-rent projects will be set-out in guidelines for the industry in coming weeks.

The NSW Government is also exhibiting a new streamlined *Housing Diversity State Environmental Planning Policy* (SEPP) that includes proposed development standards for build-to-rent housing across the state and design guidance on built form, context and character, sustainability and amenity to ensure good outcomes for surrounding communities and future residents.

Planning and Public Spaces Minister Rob Stokes said the proposed changes will simplify planning controls to support investment in diverse and affordable housing types including built-to-rent, co-living, social housing, and student housing.

“Not only do we need different types of housing – such as detached, high-rise and missing-middle types, we need different tenures of housing – such as affordable and social housing, short and long-term rentals and owner-occupiers,” Mr Stokes said.

“Build-to-rent provides a more direct route for investment in housing diversity, and provides the certainty needed to build in uncertain times.

“These proposed changes will help support the State’s future housing needs while contributing to NSW’s economic recovery from COVID-19 by boosting residential construction and supporting jobs.”

The new SEPP also includes new statewide definitions and provisions to support co-living developments and student housing, and new measures to assist the NSW Land and Housing Corporation to deliver more social housing on government owned land.

“The Housing Diversity SEPP delivers on our commitment to simplify the planning system, reduce complexity, and support a strategic-led planning system that delivers a broad range of housing needs for the community.”

The Housing Diversity SEPP is on exhibition for feedback until 9 September 2020.

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