

NEW PROPERTY TAXES WILL ONLY STALL ECONOMIC RECOVERY

The surge in new housing activity currently driving Australia's economic recovery from COVID-19 will be put at risk by states adopting unprecedented new development taxes that will stall construction and hurt homebuyers.

The Urban Development Institute of Australia – the nation's peak body representing the property development industry – said taxes announced by the Victorian Government last week are damaging and cause for significant concern for the community.

UDIA National urges every State Treasurer to rule out repeating Victoria's tax grab that will kill new housing projects in key areas, jeopardise thousands of jobs, and make it harder to buy a new home.

"The Federal Government has done the heavy lifting to support homebuyers and trigger a surge in new housing construction thanks to *HomeBuilder*," said UDIA National President, Simon Basheer.

"The initiative has been a stellar public policy success, smoothing the pathway to home ownership for more than 130,000 Australians and sustaining jobs, wages and activity up and down supply chains.

"The states should also be putting their shoulder to the wheel, but instead we see a raft of new and increased taxes introduced in Victoria which will stop projects in their tracks, stifle much needed new housing supply, cut construction and ultimately hurt homebuyers.

"The new rezoning tax will simply make it harder to get complex projects off the ground, leave potential project sites sitting idle and make the reduced number of homes that are built more expensive.

"This will only serve to further increase the cost of acquiring land for developing new homes, or worse, will render swathes of projects unviable based on these extreme changes. The ultimate price will paid by homebuyers and is the opposite of what states should be doing to improve housing affordability.

"We've seen this script before and the threat of an arms race among the states to impose new taxes that flow onto homebuyers and the price they pay for housing has the industry horrified", Mr Basheer said.

"The fact is the raft of taxes and charges on new housing already comprises up to 50 percent of the cost of new housing in some jurisdictions. It beggars belief that decision makers can think that further taxes on an industry that is already taxed to the hilt is a net positive for everyday Australians who will pay more for new homes"

"Stamp duties, land taxes, infrastructure charges, affordable housing levies and other contributions – let alone the red tape costs that delay projects - are all baked into the cost of new housing.

"The states should be looking to cut inefficient and inequitable taxes – not dream up new ones that undercut everything good the Commonwealth is doing to bolster opportunities for home ownership.

"We urge every State Treasurer in the Australia to immediately rule out a repeat of Victoria's tax grab and instead looking at targeted initiatives to boost home ownership and dwelling construction.

"Housing and construction generates 7.5 percent of the nation's GDP and directly and indirectly generates approximately 750,000 jobs."