

MEDIA RELEASE

26 July 2021

RETENTION OF NEGATIVE GEARING AND CGT ARRANGEMENTS A BOOST FOR HOUSING

The housing and construction sector has welcomed Federal Labor’s decision to leave existing negative gearing and capital gains tax arrangements untouched.

The Urban Development Institute of Australia – the nation’s peak body representing the property development industry – said the decision was a shot in the arm for homebuyers, renters and the sector.

“The economy needs stimulus and certainty right now, so Labor’s decision to ditch its prior plans for negative gearing and capital gains tax discounts is correct,” said UDIA National President, Simon Basheer.

“Full credit to the Opposition for being willing to adjust its policies and recognise that investors have a crucial role to play in sustaining the vast bulk of the nation’s rental market.

“The policy stability now on offer will be a boost to the housing and construction sector, which has been so crucial to sustaining Australian jobs and wages through the economic downturn from COVID-19.

“Negative gearing in particular, was always a straw man in the debate about housing affordability, given no serious modelling showed its abolition would substantially drop house prices.

“It has been part of the tax system for over 100 years, so the idea it is responsible for any recent jump in house prices was well wide of the mark.

“Now that we have a consensus on the settings for negative gearing and the capital gains tax discount, the task should be to focus on real solutions that will fix housing affordability woes.

“Poor strategic planning, deficient land supply, inefficient planning systems and excessive state and local property taxes should be prioritised for reform.

“Ultimately, until we get a better balance between supply and demand and act to reduce the cost of new housing, the dream of home ownership will remain challenged.”