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MEDIA RELEASE

PROPERTY TAX REFORM THE ANSWER TO HOUSING AFFORDABILITY

Last financial year, the Commonwealth Government spent less than \$6 billion on assisting low income renters and over \$70 billion on providing housing assistance to property owners.

In a country that prides itself on giving everyone a fair go, the balance needs to change, according to a pre-budget submission to the Commonwealth Government by the Community Housing Industry Association (CHIA).

CHIA's Executive Director, Peta Winzar, says owner occupiers received capital gains tax exemptions worth \$61.5 billion last year, and property investors and trusts reaped a further \$9.6 billion via capital gains tax concessions.¹ A total of \$76 billion of tax breaks for property owners.

Meanwhile, the Commonwealth spent just \$4.53 billion on Commonwealth Rent Assistance for low income renters, with 40 per cent of CRA recipients still being in rental stress after receiving the payment (defined as spending more than 30 per cent of household income on rent).

'At the moment, the taxation system is heavily weighted in favour of those who own property against those who are unlikely to ever be in the position to buy their own home,' Ms Winzar says.

'Reforming Capital Gains Tax and negative gearing could deliver savings of up to \$30 billion a year – more than enough to alleviate rental stress among one million low-income renters and to build 200,000 more social and affordable housing units which are desperately needed,' she says.

'We propose removing the Capital Gains Tax exemption from home-owners and progressively reducing the CGT discount on residential property from 50 per cent to 25 per cent.

¹ The Treasury. *2016 Tax Expenditures Statement*. Table 1.1 p9. The value of exempting home owners from CGT (\$34 billion), the value of the 50% CGT discount for home owners (\$27.5 billion), CGT discount for individuals and trusts (\$9.6m). Negative gearing is not reported as a tax expenditure, but is estimated at between \$0 and \$5 billion; See Dale, T. *Budget impacts of negative gearing*, in Parliamentary Library Flagpost Blog August 2015.

‘The 50 per cent CGT discount rule is intended to adjust a capital gain by reference to inflation, but the current rules over-compensate sellers, particularly where properties are held for just a few years,’ Ms Winzar says.

‘To discourage unhealthy property speculation, we are also proposing that the CGT discount be reduced to 15 per cent where residential property is re-sold within five years of acquisition.’

‘And negative gearing could be better used to stimulate additional housing supply if it was restricted to new homes,’ Ms Winzar says.

Ms Winzar says it’s time for the Commonwealth to find a better balance between assisting home owners and renters. These reforms of taxation policies can reduce the incentive for speculative investment that drives prices higher, ensure profits from selling into rising markets are shared more fairly between property owners and the wider community, and deliver more affordable rental housing.

The taxation reforms were just part of CHIA’s pre-budget submission to the Commonwealth. You can view the submission in its entirety [here](#).

CHIA Executive Director Peta Winzar is available for comment on 0419 631 868.

[CHIA Background](#)

The Community Housing Industry Association (CHIA) is the peak industry body for the community housing sector in Australia.

CHIA is funded by its member organisations which, between them, own or manage over 60,000 affordable rental properties across every state and territory in Australia. Our

members range from large providers with portfolios of 5,000-plus properties, through to small organisations with around 10 properties, as well as organisations that supply affordable housing as an adjunct to their specialist services, such as mental health or disability support.

CHIA is uniquely positioned to provide a truly national voice for the community housing industry.

CHIA leads representation of community and affordable housing issues at the national level. It undertakes research, policy development and advocacy around social and affordable housing issues. Working with a network of state and territory community housing peak bodies, CHIA supports member organisations to improve the quality of housing and other services for community housing tenants.

With 82,900 mainstream community housing homes and a further 15,500 dwellings operated by Indigenous community housing organisations, the sector owns or manages over \$30 billion in residential real estate, from which it generates over \$700m a year in rental income.

The community housing sector has doubled in size over the past decade and now represents 19 per cent of the entire social housing sector. Through leveraging of its own capital, and via transfers of stock from public housing, the community housing sector has demonstrated its capacity to undertake significant property development.

Delivering social housing through community housing organisations improves competition and choice for low income tenants.

Indigenous community housing is an important part of the community housing sector and a vital part of the economy in many Aboriginal and Torres Strait Islander communities.