

Labor tax help could let developers deliver affordable housing: Property Council



Housing puzzle: While a tax structure allowing build-to-rent housing would help local developers, key worker housing needs a further subsidy. **Glen McCurtayne** by [Michael Bleby](#)

Commercial developers could boost affordable housing stock at scale if a Labor government gave them the same tax incentives as offshore investors, and also created a suitable subsidy for key worker housing, Property Council of Australia boss Ken Morrison says.

Speaking a day after [Shadow Treasurer Chris Bowen signalled](#) he was willing to extend tax incentives to managed investment trusts that invested in commercial – or at-market – build-to-rent stock as well as affordable housing – in contrast to Treasurer Scott Morrison, [who ruled it out last year](#) – Mr Morrison said local developers creating such housing should also be able to set up MITs taxed at the 15 per cent withholding rate that foreign investors in other sectors of Australian property already enjoyed. "For at-market build-to-rent they should tax it at the same level playing field base as other forms of property," Mr Morrison told *The Australian Financial Review* on Thursday.

That would then allow local developers to use any subsidy for key worker housing, which is typically rented out at 75 per cent of market rates to people on low incomes, he said.

"If there's an incentive there you can rely on we can say 'We will deliver part of this project as affordable rental and utilise the incentive ... to deliver that'," Mr Morrison said.

"That means it's great result for the government. You've got a sector which hopefully is growing and gives the opportunity to get affordable rental at scale."

Apart from the tax issue around managed investment trusts, affordable housing advocates say a subsidy will still be needed to make affordable housing provision a viable investment, given the lower rental revenues.

"What we want to caution against is people thinking build-to-rent itself will be something [for] the people we help – the bottom two quintiles – not that market build-to-rent is seen as an alternative to affordable rental but the two together are needed," said Wendy Hayhurst, chief executive of the NSW Federation of Housing Associations.

"Build to rent is an important evolution in our housing market. To ensure it also serves lower income households will need additional levers," tweeted Scott Langford, the chief executive of community housing provider SGCH.

A spokesman for Mr Bowen said that while the opposition was open to allowing managed investment trusts to access the low-tax rate of 15 per cent for projects that mixed at-market housing with commercial housing, it had not made any announcement on affordable housing subsidies.