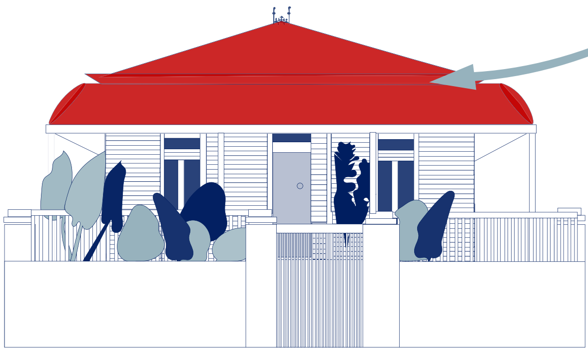
Stacked against us

Key facts

Queensland is in the grips of a housing affordability crisis. A key reason why houses aren't affordable is the increasing burden of taxes and regulatory costs in the development of new houses and apartments.

Taxes on new homes are a double whammy – they increase costs (and therefore sale price) of new builds, in turn increasing the costs of buying or renting established homes.

The impact of taxes and regulatory costs on housing



32 per cent in total taxes

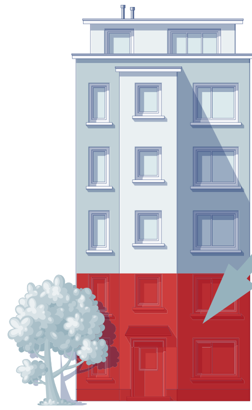
=

23.3 per cent in statutory taxes

\+

8.7 per cent in regulatory costs

A total of **32 per cent** of the cost of a new house and land package in a Brisbane greenfield estate is **taxes.**



33.3 per cent in total taxes

=

23.2 per cent in statutory taxes

\+

10.1 per cent in regulatory costs

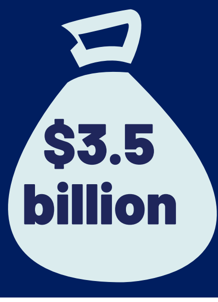
A total of **33.3 per cent** of the cost of a new apartment in inner Brisbane is **taxes.**

How many years will be spent paying off taxes?

9 years

The first nine years of a 30-year mortgage of $730,000 for a new house and land package will be spent paying off $233,440 in taxes, fees and charges – plus interest. [2]

How much in windfall?



Over the last three years the Queensland Government has experienced **$3.5 billion in windfall transfer duty receipts alone**. Representing a 29 per cent increase in receipts over the forecast.

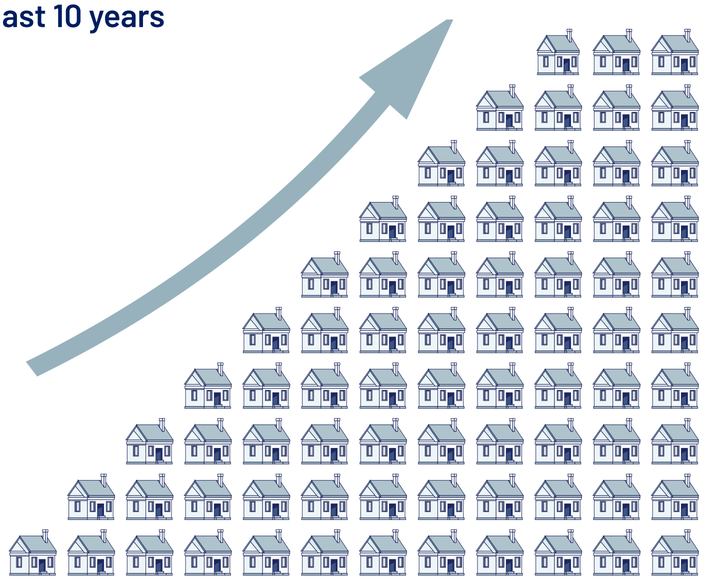
Over the last 10 years

Transfer duty receipts increased by

177.7 per cent.

Land Tax receipts increased by

74.9 per cent.



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Policy Recommendations

Policy recommendations

Based on the findings of this report the Property Council calls on Government to implement the below recommendations:

1. **Support first home buyers by expanding the first homeowner grant**
   The Property Council proposes an extension of the existing FHO Grant to reflect the steep increase in median house prices, by increasing the ceiling to $1,000,000. It is important that the Grant remains focused on new products, including townhouses, modular homes and dwellings purchased off-the-plan.
   Grants for existing dwellings will only stimulate further demand for the limited pool of established homes.

2. **Introduce off-the-plan transfer duty concessions**
   Introducing off-the-plan stamp duty concessions for buyers who choose to enter into contracts for apartments, resulting in an increase of pre-sales that are key in turning speculative supply into completed projects and roofs over people's heads.

3. **Broaden Build-to-rent land tax concessions**
   Queensland's current state tax incentives for Build-to-rent do not go far enough and are not competitive with what is in place in other states. Broaden the current Land Tax concessions to all Build-to-rent projects and increase the concessions to 100 per cent for those projects that deliver 10 per cent affordable housing.

4. **Implement an institutional investment framework**
   Implement an institutional investment framework, which addresses prohibitive tax settings that add significant burden to the delivery of new homes, including the additional foreigner acquirer duty and foreign land tax surcharge for developers who are captured and are seeking to deliver residential projects.

5. **Quarantine windfall for coordinated infrastructure delivery to unlock new land**
   A key barrier to unlocking new land supply is the coordinated delivery of infrastructure, by reinvesting the windfall into infrastructure projects that support the delivery of new housing supply.

6. **Review outdated land tax & transfer duty thresholds**
   Moving thresholds for land tax and transfer duty to adjust for rising property prices to ensure revenue neutrality for government and cost neutrality for developers, home buyers and owners.

7. **Commit to no new taxes or charges**
   Of critical importance to industry is certainty, and to build confidence with investors, it is imperative that there are no further fees, charges or taxes levied on property.

> **"Failure to review the critical role that taxes and charges play in pushing housing affordability beyond reach, will see Queensland fail to deliver on our social obligations to ensure that every Queenslander has access to affordable, fit-for-purpose housing."**

Jess Caire

Jess Caire

Queensland Executive Director