

Labor's 8-Point Plan on Housing Affordability

On Friday 21 April, the Federal Labor Party announced additional policies to help address housing affordability.

Along with Shadow Treasurer Chris Bowen, Opposition Leader Bill Shorten added a number of new measures to the Opposition's existing policies of reforming negative gearing and the capital gains discount. The announcements aim to boost the supply of housing and reduce the distortion in the property market that favours investors, whilst increasing penalties for foreign investors seeking to illegally invest in the Australian property market.

Labor's Plan

Negative gearing and capital gains concessions

Reaffirming the two [policies](#) taken to the 2016 Federal Election, Labor committed to curbing negative gearing to newly-constructed homes, as well as to abolishing the 50 per cent capital gains tax concession on the sale of properties. Existing tax arrangements will be grandfathered.

Uniform vacant property tax across all major cities

Labor will establish a COAG process to coordinate and facilitate a uniform vacant property tax across Australia. A vacant property tax was recently imposed by the Andrews Labor Government in Victoria. This is aimed at combatting 'land banking', where investors purchase homes with no intention of adding the home to the rental stock.

Increased foreign investor fees and penalties

Labor will double the screening fees on foreign investment, which were introduced to resource the scrutiny of property purchases by the Foreign Investment Review Board. The fines imposed on foreign investors who illegally purchase residential real estate will also be doubled under a Shorten Labor government.

Ban direct borrowing by self-managed superannuation funds

Labor will implement the recommendation of the 2014 Murray Financial Systems Inquiry, reinstating a ban on direct borrowing by superannuation funds that was lifted in 2007. Borrowing in this area has experienced a marked increase from \$2.5 billion in 2012 to more than \$24 billion today, 91 per cent of which has been used to purchase residential and commercial property.



Establish a Bond Aggregator

Labor will implement a bond aggregator model, similar to the one operating in the UK, which would both increase and make less expensive the pool of funds for the private sector to build community housing.

Increasing homelessness support

Labor will commit \$88 million over two years for a new Safe Housing Fund to increase transitional housing options for women and children escaping domestic and family violence, young people exiting out-of-home care and older women on low incomes who are at risk of homelessness.

Improving the National Affordable Housing Agreement

Labor will strengthen the National Affordable Housing Agreement, by expanding its benchmarking to include: housing supply, planning reform and inclusionary zoning.

Re-establishment of the National Housing Supply Council and the Minister for Housing

The National Housing Supply Council, abolished by the Abbott Government, will be reinstated. Labor will also introduce a Minister for Housing, ensuring housing affordability remains forefront of a Shorten Labor government's agenda.

Further information

For more information, please contact your Hawker Britton consultant [Simon Banks](#) on +61 419 638 587.