HawkerBritton
Government Relations Strategy

Federal Labor's housing affordability plan

January 2019

On Sunday 16 December 2018, Bill Shorten announced the third tranche of Labor's housing policy in an opening address to delegates and observers at the 2018 Labor Party National Conference.

The policy, Labor's 10 Year Plan for Affordable Housing and More Construction Jobs complements Labor's proposed changes to negative gearing and capital gains tax. The package is aimed at targeting tax concessions to the construction of new housing and allowing first home buyers to enter the market.

The new policy has been costed at $102 million over the forward estimates with $6.6 billion over the decade to 2028-29, with key commitments to:

- Increase the amount of affordable rental properties by building 250,000 new affordable homes, with at least 20,000 in Labor's first term.
- Expand the National Rental Affordability Scheme to provide annual incentives of $8,500 per year for 15 years for newly constructed properties that are owned or managed by a registered community housing provider.
- Require community housing providers to offer 20% below market rent for eligible Australian tenants on low and middle incomes (indexed annually to the rent component of the CPI).
- Add to the funding available through the National Housing Finance and Investment Corporation pool, supplemented by state and territory grants, subsidies, land or shared equity arrangements where needed.

The scheme will provide joint venture opportunities for developers and institutional investors to partner with registered community housing providers.

Negative gearing

On 13 February 2016 Labor announced a policy to limit negative gearing to new housing from a yet-to-be-determined date after the next election. All investments made before this date will not be affected by this change and will be fully grandfathered. This will mean that taxpayers will continue to be able to deduct net rental losses against their wage income, providing the losses come from newly constructed housing.

From a yet-to-be-determined date after the next election losses from new investments in shares and existing properties will still be able to be used to offset investment income tax liabilities. These losses may also continue to be carried forward to offset the final capital gain on the investment.

Capital Gains Tax

Labor will halve the capital gains discount for all assets purchased after a yet-to-be-determined date after the next election. This will reduce the capital gains tax discount for assets that are held longer than 12 months from the current 50 per cent to 25 per cent.

All investments made before this date will not be affected by this change and will be fully grandfathered.

Further information
For more information, please contact your Hawker Britton consultant Simon Banks on +61 419 638 587.

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