

Inquiry Revenue Legislation Amendment Bill 2024

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Submitted by: Urban Development Institute of Australia Queensland
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20 December 2024

Committee Secretariat
State Development, Infrastructure and Works Committee
Parliament House
George St
BRISBANE QLD 4000

BY POST/EMAIL – SDIWC@parliament.qld.gov.au

Dear Committee Secretariat,

I write in response to your Committee's call for submissions on the recently introduced Revenue Legislation Amendment Bill 2024.

The Urban Development Institute of Australia Queensland (the Institute) is the leading peak body for the state's property industry, backed by a 10 year standing Research Foundation and a regional branch structure comprised of twelve local branches throughout the length of Queensland.

The Institute strongly supports the Bill to amend the *Duties Act 2001 (Duties Act)* to implement revenue-related commitments made by the Queensland Government during the 2024 State Election campaign. The Institute supports the intended full transfer duty relief from eligible dutiable transactions for first home owners purchasing a new home or vacant land on which to build a home. The Institute also supports the proposal to allow recipients of transfer duty home concessions to rent part of their property during the one-year occupation period requirement.

Severe Housing Crisis

Queensland is currently grappling with a severe housing shortage, caused by a significant imbalance between demand and supply. There is a complex array of factors which have intersected to send us down this path and there is nothing to suggest this will reverse in the near term. It is therefore necessary that all reasonable actions are taken to address the issue by delivering more new dwellings, quickly and affordably.

Rising housing unaffordability

Queensland median dwelling prices have risen to \$883,000 for Brisbane in October 2024, up 66.9 percent since March 2020. This is a dwelling value to income ratio of 8.2 times, requiring 10.9 years

to save a 20 percent deposit, and 51.7 percent of median household income to service a new mortgage.¹

Housing affordability is a critical problem for first home buyers, as they do not have existing home equity to work with, leaving many in the position of being unable to afford to buy a home. A first home owner transfer concession and grant would help to address that imbalance.

Proposal

Duties Act – transfer duty first home new home relief

Irrespective of the value of the land, eligible first home buyers who enter into eligible transactions, either alone or with other first home buyers, will generally not have to pay any transfer duty. The benefits of the proposal are as follows:

- Reduces the affordability gap for a greater number of first home buyers
- Is more relevant to the cost of new homes that more often exceed the \$700,000 threshold for new home purchase cost (new houses in Brisbane and Gold Coast are around \$900,000)
- Encourages additional first home buyers to new home purchase, that results in their existing home becoming vacated and available for new residents
- Creates a new home in the marketplace for the growing population
- Offers some opportunity for home buyers to save for the home while it is being constructed.

Duties Act – allow home buyers to rent part of their property

The transfer duty home concessions (home concession, first home concession, and first home vacant land concession) presently do not operate if recipients of the transfer duty home concessions, lease or otherwise grant exclusive possession of part of their property during the one-year occupation period and retain the full benefit of this relief. The proposal changes this arrangement for new and existing home concessions. The benefits of this include:

- Likely simpler administration
- Clarification where part of the property may already be a granny flat or subject to a commercial lease
- Enables the buyer to obtain assistance of an on site tenant to pay for the purchase of the home, increasing its affordability
- A tenant in the home assists to reduce the demand pressure for other rental property and moderate rental prices.

Conclusion

In closing, the Institute supports the Bill relative to the *Duties Act* changes and encourages parliament to go further with actions that are complementary in terms of encouraging additional housing supply and making additional housing more practical. I would also be available to provide further elaboration of our views at the Committee's public hearing on the Bill to be held on

¹ CoreLogic,
https://www.anz.com.au/content/dam/anzcomau/bluenotes/documents/ANZ_CoreLogic_%20Housing_Affordability%20Report_November-2024.pdf

Thursday, 23 January 2025. Should you have any queries on this matter, I can be contacted at

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Yours sincerely,

Urban Development Institute of Australia Queensland

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Kirsty Chessher-Brown
Chief Executive Officer