



Boosting affordable housing for Australians through incentivising investment



The Government has introduced a tax incentive to boost investment in affordable housing.

As of 1 January 2018, the Government will provide an additional 10 per cent CGT discount to resident individuals investing in qualifying affordable housing. Qualifying investors in affordable housing will be eligible for a capital gains tax discount of up to 60 per cent.

How is affordable housing defined?

To be affordable housing an investment property must be an eligible dwelling that is managed for rent through a registered community housing provider (CHP) for a minimum period of three years.

What is a registered community housing provider (CHP)?

A CHP is an entity that is registered to provide community housing services either under a state or territory (or Commonwealth) law or is registered administratively by a state or territory (or Commonwealth) government entity.

What is an eligible dwelling?

Eligible dwellings include residential premises but not commercial residential premises. The measure does not apply to caravans, mobile homes and houseboats, as they are not residential premises.

What will my CHP be responsible for?

CHPs will determine which tenants are eligible and the rent charged, consistent with applicable state and territory housing policies and respective registration requirements. CHPs will be able to subcontract out any or all of the ordinary property management responsibilities.

Why does this measure use state and territory housing policies?

Linking with state and territory housing policies and registration requirements avoids duplication and introducing additional compliance requirements. It also allows for different market factors to be taken into account.

Why do properties need to be managed by a CHP?

CHPs already play a central role in the delivery and management of affordable housing as a product for those unable to break into the private market. Using CHPs helps ensure that the additional capital gains tax discount is received for investment properties that are genuinely supplied as affordable housing.

Why is there a minimum three year holding period to qualify?

Requiring a minimum holding period is intended to encourage longer term investment in the supply of affordable housing.

From what date can I access the additional 10 per cent CGT discount?

This measure will take effect from 1 January 2018, subject to the passage of legislation. If an investment satisfies the eligibility conditions, the earliest date that investors will be able to access the additional CGT discount is for a property sold on or after 1 January 2021 (three years from 1 January 2018).

Will my National Rental Affordability Scheme (NRAS) investment be entitled to the additional 10 per cent CGT discount?

No. NRAS properties are only eligible to receive the additional CGT discount when they cease being part of the NRAS scheme.

Does my property need to be new?

No, the additional CGT discount will apply to qualifying investments in both new and existing affordable housing.