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Property Industry Lauds Reforms

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The property industry has welcomed moves to bolster housing affordability in the federal budget and is pressing for further reforms to boost the supply of new homes and innovative funding models in the sector.

The industry welcomed moves that will allow first home buyers and older Australians to use their superannuation to access tax breaks aimed at lifting both the demand and supply of houses on the market.

First home buyers will be able to pour up to $15,000 per year of pre-tax income into super contributions, amounting to $30,000 in total, that can be directed towards a home deposit, which will further spur the hot auction market.

Mirvac chief executive Susan Lloyd-Hurwitz, who is also president of the Property Council, said affordability was a “serious issue” in some parts of the housing market, and one of the main barriers for first home buyers was saving for a deposit.

“We welcome measures which support people who are making regular contributions to savings in preparation for taking on regular home loan repayments,” she said. “It is important for people to demonstrate they can afford to service a loan and we are pleased to see them offered a hand up.”

Source: http://www.theaustralian.com.au/business/property/property-industry-lauds-reforms/news-story/cfca644737c5fcfd180b1fbfab79f582

Ms Lloyd-Hurwitz said there were no simple solutions but noted that developers, including Mirvac, were setting aside apartments for first home buyers, which could help alleviate some of stress they faced.

More stock may come to market as vendors aged 65 and over will be able to transfer up to $300,000 from selling their homes into their superannuation.

“Although not an affordability measure, the incentives for downsizers will also help stimulate the supply of new housing more appropriate to the needs of our seniors,” HIA deputy managing director Graham Wolfe said.

The government will also act on concerns about properties being left empty by slapping a $5000 levy on foreign investors who neither occupy or lease residential properties for six months, despite potential difficulties enforcing such rules.

Major developers, who have already pulled back from wholesale selling offshore, have also been hit with a tough regulation, preventing them from selling more than half of new projects to foreign investors.

Stockland chief executive Mark Steinert, who oversees both a small apartments business and larger master-planned communities division, said encouraging greater participation in home ownership, particularly amongst first home buyers, was crucial to the health and vitality of the economy.

Lendlease chief executive Steve McCann welcomed the fresh infrastructure spending and using the government’s balance sheet in bringing the projects to fruition.

“Increased infrastructure spending, in particular through incentivising private sector co-investment in projects, will create jobs, enhance our cities and regions and boost productivity across the economy,” he said.

“The government has shown long-term vision in electing to stimulate the economy in a way that will deliver long-term benefits to communities and businesses and we are ready to support the planning, building and financing of these national projects.”

The government also unveiled a new $1 billion National Housing Finance and Investment Corporation, which is being set up to operate an affordable bond aggregator.

“This has just laid down the red carpet for the institutional investors to step up and venture into the affordable housing sector,” Folkestone head of funds management Adrian Harrington said.

PowerHousing Australia chief executive Nicholas Proud said encouraging states to transfer existing stock to the community housing sector would result in better-managed social housing.

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Changes on the home front	
First home buyers	• First home buyers can save for a deposit by using the tax savings available through superannuation via the First Home Super Saver Scheme • First home buyers can contribute $15,000 a year and $30,000 in total in voluntary contributions to their super account, which can then be withdrawn for a deposit • Contributions and earnings in the scheme will be taxed at only 15 per cent, rather than marginal tax rates • Withdrawals taxed at marginal tax rates minus 30 per cent • If the money is not used for housing, it reverts to super savings
Reducing barriers to downsizing	• The 'home downsizing' assistance plan is expected to cost the government $30m. • The government will allow a variation on the non-concessional caps where an individual over the age of 65 can put in up to $300,000 from the proceeds of selling their home (providing they have lived in the home for at least a decade).
Stronger rules for investors	• From July 1 2017, tax deductions relating to expenses incurred while visiting properties will be completely scrapped. Government expects to gain $540m from the measure. • There will also be a tightening of depreciation deductions for investment properties - including a plan to no longer allow subsequent owners of a property to claim deductions on items purchased by the previous owners of the property - this is another significant item expected to bring in $260m. • 50 per cent cap on foreign ownership in new property developments aimed at increasing housing stock for local buyers. • Property investors are also encouraged to support affordable housing schemes through a variation on tax - the Capital Gains Tax discount on 'qualified' affordable housing will move higher from 50 per cent to 60 per cent.

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