



ACT
Government

Australian Capital Territory

Budget 2023–24

Increasing housing choice, access and affordability



Introduction

Improving housing affordability is a challenge in Canberra and across the country. A wide range of factors have resulted in rising costs to rent or buy a home.

In response to the challenge, the 2023–24 ACT Budget has an ambitious housing agenda.

The Government is investing an additional \$345 million to continue delivering a comprehensive package of housing measures.

Of the 185,000 homes in the ACT, approximately 55,000 are currently rented to tenants. While the ACT vacancy rate is currently the highest of all capital cities, a stepped increase in affordable long-term rental supply is essential as the ACT continues to grow rapidly.

We are increasing housing stock across the board with a range of new initiatives designed to increase access, choice and affordability.

Alongside tax incentives, land release and planning system reform, this Budget focuses on bolstering the community housing sector and encouraging Build-to-Rent developments.

This Budget also continues the growth and renewal of the public housing program, the largest per capita investment in public housing in Australia.

The National Housing Accord brings Commonwealth, state and territory governments, industry, and the community together. This year's ACT Budget makes the most of this significant opportunity to expand social¹ and affordable² housing in the ACT. With the new \$60 million Affordable Housing Project Fund, we are well placed to meet our ambitious target to deliver 600 affordable rental homes by 2025–26.

The ACT Government will continue delivering on our enduring commitment to safe and comfortable homes for Canberrans, whether they rent or own.

As the implementation plan for the National Housing Accord is finalised, the ACT Government looks forward to making further announcements with the Commonwealth Government.

\$345m
additional funding for housing measures

1 Refers to housing provided by Housing ACT or a community housing provider, where people pay up to 25 per cent of their income in rent.

2 Refers to discounted market rentals, typically at 74.9 per cent of market rent.



Public housing – investing in growth, repairs and renewal

The ACT Government has demonstrated a commitment to providing public housing, with 6.2 per cent of households supported by public housing compared to 3.1 per cent nationally.

The ACT Government has over 11,500 social housing dwellings, providing homes for more than 21,500 people. As part of the *Growing and Renewing Public Housing* program, 1,000 of these properties are set to be renewed and 400 new public housing homes added to the portfolio by 2026–27. By the end of 2023–24, it is expected that around half (700 dwellings) will have been delivered.

In this Budget, the ACT Government is investing an additional:

- > \$55.9 million to deliver 140 new public housing dwellings as part of the eight-year *Growing and Renewing Public Housing* program. This investment supports the delivery of the *ACT Housing Strategy 2018* and its goal to strengthen social housing assistance by delivering safe and affordable housing for low-income and disadvantaged Canberrans.
- > \$177.1 million for Housing ACT operations, repairs and maintenance. This investment will help ensure that public housing in Canberra is safe, comfortable, and meeting the needs of tenants.

- > The Commonwealth is also providing a \$50 million Social Housing Accelerator payment to support a permanent boost in the ACT's social and/or public housing stock.

\$55.9m

to deliver 140 new public housing dwellings

\$177.1m

for Housing ACT operations,
repairs and maintenance

Community housing – supporting and growing the sector

In this Budget, the ACT Government has significantly accelerated its support for the community housing sector through a range of initiatives focused on boosting the supply of affordable rentals.

Through this component of our housing package, we aim to:

- > grow the number of affordable rental options available at less than market rent;
- > increase choice and housing diversity for renters, with homes that are specifically designed to meet renters' needs (with high energy efficiency and long-term tenure); and
- > offer opportunities for long-term rental housing close to services, so tenants can establish themselves as part of a community and personalise their homes.

To support these initiatives, we are offering developers who are required to deliver housing for affordable purchase the opportunity to apply to convert this commitment to affordable rental. Developers must be willing to hold these dwellings for a minimum of 10 years, agree to the Government holding their security bond for a minimum of five years and use a registered Community Housing provider to manage them. For more details, contact CMTEDDBuildtoRent@act.gov.au.

Affordable Housing Project Fund

The ACT Government has made a significant investment in this Budget through the creation of the \$60 million Affordable Housing Project Fund to help deliver its commitments under the Parliamentary and Governing Agreement and the National Housing Accord. This investment will also support the growth of the community housing sector in the ACT.

- > The Fund includes a funding allocation for three projects being delivered under the 2022–23 Build-to-Rent Prospectus Request for Proposal (RFP) process.

- > Following the first successful RFP process and subject to successful negotiation of funding, these projects will deliver 160 community housing owned or managed affordable rental properties for a minimum of 15 years across three Build-to-Rent developments for low-income Canberra households.
- > The Fund also includes a grant of \$4.5 million for the Ginninderry Women's Housing Initiative, a Build-to-Rent-to-Buy pilot program in the ACT. This project will deliver up to 22 affordable rental dwellings for low-income women in Strathnairn to transition from renting to home ownership.
- > In total these projects are expected to deliver around 180 new affordable rental dwellings for low-income Canberra households.
- > Community housing providers and Build-to-Rent operators with shovel-ready projects are invited to submit proposals for financial support as part of the Affordable Housing Project Fund in 2023–24. Further details on the guidelines and process for the application process to the Fund will be announced shortly.

The ACT Government will work closely with the community housing sector in 2023–24 to leverage the Commonwealth funding and assistance available through the National Housing Accord by identifying a pipeline of suitable sites for affordable and social housing.

\$60m

Affordable Housing Project Fund

Land release, planning and tax reform

The ACT Government's Indicative Land Release Program (ILRP), along with planning system reforms and tax incentives, are key mechanisms to grow private housing stock.

ACT Planning System Review

The ACT Planning System Review and Reform Project will deliver a planning system that is clear, easy to use and facilitates better outcomes for communities, the environment and people across Canberra.

An updated Territory Plan and the introduction of District Strategies are the cornerstones of the new planning system. These will enable a greater range of housing options near employment, transport, recreational infrastructure, education facilities, shops and services. Through reforms such as the permitting of community housing (affordable rental) in the community facility zone and Build-to-Rent development in residential zones, as well as updated provisions for residential development, the new planning system will help facilitate growth of low and medium density housing in existing suburbs.

This will contribute to the Government's objective of a more affordable, sustainable, liveable, diverse, interesting, productive and economically-efficient city. The Government will release an updated Territory Plan and District Strategies in coming months.

The Government will invest an additional \$11 million to support the release of land.

Additional

\$11m

to support land release

Indicative Land Release Program

Over the next five years, the Government will release a range of greenfield and infill sites with capacity for more than 16,000 dwellings. Any private sector land release will be in addition to this. The land release program includes requirements for purchasers to deliver affordable, public and community housing as part of their developments.

Through this Budget, the Government will be releasing multi-unit development sites to market in 2023–24 with requirements for over 200 affordable, community and public housing dwellings. This is in addition to more than 300 affordable homes currently in developer pipelines, 355 affordable home sites released to developers, and 235 affordable home sites progressing toward release.

The Government will also release a site in the Gungahlin Town Centre for a Build-to-Rent development with a minimum affordable rental component. This advances the Government's commitment to expanding Build-to-Rent options in the ACT, following the release of Block 3 Section 57 Turner with an affordable rental component.

Over the next few years, this approach is anticipated to see many more homes become available for affordable purchase and affordable rental.



Tax reform – reducing duty

The Government has cut stamp duty in every ACT Budget since the beginning of the tax reform program in 2012. As part of stage 3 of tax reform the Government split the stamp duty tax rate to different levels depending on whether the purchaser was an investor or an owner-occupier. All stamp duty cuts through Stage 3 of tax reform have been targeted at the lowest thresholds for owner-occupiers.

Stamp duty on a \$900,000 home purchased in 2023–24 is \$14,896 less than it would have been without tax reform.

To further remove barriers to home ownership, the Government is providing duty concessions to eligible first home buyers of up to \$36,664 in 2023–24 through the Home Buyer Concession Scheme and increasing the 100 per cent duty concessions on off-the-plan purchases up to a property value of \$700,000 from 1 July 2023.

Affordable Community Housing Land Tax Exemption

Property owners may be eligible for a land tax exemption when they rent their property through a registered community housing provider for affordable community housing purposes. There are around 140 properties around the Territory currently participating in the Affordable Community Housing Land Tax Exemption Scheme, and the Government intends to actively promote and increase the take up of this scheme in 2023–24.

Affordable Home Purchase Scheme

The ACT Government's Affordable Home Purchase Scheme assists low-to-moderate income households by providing homes for purchase at affordable prices. A mix of houses, townhouses, terraces and apartments have been offered. To learn more about the eligibility criteria and sign up, visit suburbanland.act.gov.au/affordable-housing.



ACT
Government

Australian Capital Territory

Budget 2023–24

Further information about the ACT Government's Housing initiatives can be found on the Homes and Housing website: act.gov.au/homes-housing/home

© Australian Capital Territory, Canberra 2023

Material in this publication may be reproduced provided due acknowledgement is made.

Produced by the Chief Minister, Treasury and Economic Development Directorate. Enquiries about this publication should be directed to the Chief Minister, Treasury and Economic Development Directorate.

GPO Box 158, Canberra City 2601

act.gov.au

Telephone: Access Canberra - 13 22 81

Acknowledgement of Country



The ACT Government acknowledges the Ngunnawal people as traditional custodians of the ACT and recognise any other people or families with connection to the lands of the ACT and region. We acknowledge and respect their continuing culture and the contribution they make to the life of this city and this region.



Accessibility
Ph 13 22 81



Interpreter
Ph 131 450