

**LAND TAX (BUILD-TO-RENT) CONCESSIONS AMENDMENT
BILL 2025**

18/September 2025

STATEMENT OF PUBLIC INTEREST**Need: Why is the policy needed based on factual evidence and stakeholder input?**

More homes need to be built in New South Wales to achieve the state's share of the National Housing Accord's target of building 1.2 million new, well located homes over 5 years from mid 2024. Housing industry stakeholders advise that the build-to-rent sector can help address Australia's housing crisis by offering diverse housing options quickly and at scale.

Build-to-rent institutional investor-owned housing is common overseas, particularly in the United Kingdom and the United States of America. But the build-to-rent sector is still in its early stages in New South Wales. The build-to-rent land tax concession amendment, designed to support the emerging build-to-rent sector, forms one part of a broader Government strategy to incentivise the private sector to build more homes where people want to live.

Build-to-rent housing are typically high-density developments, built with the intention of creating high quality rental housing that are professionally owned and managed. Build-to-rent housing is focused on providing a good experience for tenants through the provision of on-site services and facilities, professional management and long-term leases.

As such, an uptake of build-to-rent housing also provides an opportunity to capitalise on the advantages of increased urban density. The New South Wales Productivity and Equality Commission in the report, 'What we gain by building more homes in the right places', concluded that facilitating more people living in convenient, high-amenity locations can lead to lower travel times, higher productivity and wages. Further, increased housing density can lead to greater community amenity, lower car related carbon emissions and enhance land use.¹

Objectives: What is the policy's objective couched in terms of the public interest?

The policy is designed to incentivise the construction of more rental housing for the people of New South Wales and to facilitate greater housing choice for people at different life stages. It is in the public interest to support initiatives to improve housing outcomes given the pressures in the New South Wales housing system.

The new build-to rent land tax concession with permanent application provides an increased incentive to construct build-to-rent housing and greater surety for investors of the long-term land tax treatment for new developments.

The policy is one of a suite of measures to support the housing system and housing projects in New South Wales. The Government is investing in initiatives to improve access to quality housing and address the ongoing pressures faced by households.

¹ NSW Productivity Commission 2024, 'What we gain by building more homes in the right places', February, p. 8, available <https://www.productivity.nsw.gov.au/sites/default/files/2024-02/What-we-gain-by-building-more-homes-in-the-right-places.pdf>

Options: What alternative policies and mechanisms were considered in advance of the bill?

The alternative option of not providing a new, ongoing build-to-rent land tax concession scheme was considered.

However, that option would not change incentives for the construction of build-to-rent housing for developers compared to those concessions that are currently available under the existing time limited concession.

Analysis: What were the pros/cons and benefits/costs of each option considered?

A new ongoing build-to-rent land tax concession

Pros/benefits – The option of providing a new ongoing build-to-rent land tax concession is expected to provide more favourable state tax treatment for build-to-rent developments, compared to build-to-sell developments. This is expected to increase institutional investment in housing and construction in the build-to-rent sector which:

- will increase rental housing supply and offer more housing choice for people at various stages of life,
- is expected to provide tenants with greater rental security and higher quality rental services than that typically offered by small investor landlords,
- is expected to improve building quality and incentivise faster resolution of coordination issues associated with both new and old buildings.

Cons/costs – The option of providing a new ongoing build-to-rent land tax concession:

- would generally substitute build-to-sell housing stock with build-to-rent stock where supply is constrained by the planning system,
- is not expected to lower long run average property prices in high demand locations, because build-to-rent itself does not address constraints that prevent increased housing construction in locations where people want to live.
 - This is why the ongoing build-to-rent land tax concession is one of many measures the Government has to address the housing crisis and increase housing supply. Other housing initiatives include investment in accelerated planning approvals, the Pre-Sale Finance Guarantee, the Transport Orientated Development (TOD) program and the Low and Mid-Rise Housing Policy.
- The build-to-rent land tax concession amendment is one of many measures the Government has to address the housing crisis, including the First Home Buyers Assistance Scheme and participation in the Commonwealth's forthcoming Help to Buy Scheme which support home ownership.
 - The build-to-rent land tax concession is focused on stimulating institutional rental housing construction and ownership. An increase in institutional rental housing shifts housing stock away from owner-occupiers, where supply is constrained. As such, an anticipated outcome of this policy alone is reduced home ownership rates over the long run, but not necessarily when considered in conjunction with other government measures intended to support owner-occupier housing supply and ownership.

Not providing a new, ongoing build-to-rent land tax concession

Pros/benefits – The option of not providing a new ongoing build-to-rent land tax concession would leave build-to-rent tax concessions to expire in 2040 which in broad terms minimises the budget impact of build-to-rent tax concessions over the medium to long term.

Cons/costs – The option of not providing a new ongoing build-to-rent land tax concession would broadly remove an incentive for institutional developers to construct more rental housing for the people of New South Wales.

While there is variation between specific projects, and some build-to-rent projects may proceed without a tax concession, on average, state taxes would be expected to be higher for a build-to-rent development over a build-to-sell development in the absence of tax concessions.

With a build-to-sell property, all individual units generate transfer duty every time they are sold, but a minority of units generate land tax. A build-to-rent property would generate land tax from the entire property, but minimal transfer duty due to long expected holding periods.

While it is acknowledged that there is variation between specific projects, a 50 per cent land tax concession for build-to-rent properties for a period of around 20 years is estimated to be approximately revenue neutral on average for state taxes.

Pathway: What are the timetable and steps for the policy's rollout and who will administer it?

- Owners of eligible new build-to-rent properties will be able to apply for the new ongoing land tax concession from the 2026 land tax year upon assent of the legislation and publication of associated Treasurer's Guidelines.
- The proposed Act will commence on the day of assent.
- The Treasurer will approve Treasurer's Guidelines to be published and apply to the new ongoing land tax concession.
- Revenue NSW, as the administrator of state revenue, will administer the new ongoing build-to-rent land tax concession.

Consultation: Were the views of affected stakeholders sought and considered in making the policy?

- NSW Treasury consulted with Revenue NSW on policy, legislative drafting and implementation considerations.
- NSW Treasury consulted with the NSW Rental Commissioner and The Cabinet Office during the policy development phase, including the potential impact of an expanded build-to-rent sector on housing outcomes.
- Consideration was also given to submissions to the Legislative Assembly Select Committee on Essential Worker Housing², such as Aware super³, which

² <https://www.parliament.nsw.gov.au/committees/listofcommittees/Pages/committee-details.aspx?pk=327>

³ Aware Super 2024, 'options for essential worker housing in New South Wales, September, available at <https://www.parliament.nsw.gov.au/ladocs/submissions/87648/Submission%2065%20-%20Aware%20Super.pdf>

recommended ways to simplify the application process for the existing, time limited build-to-rent concession application process.