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Senate Standing Committees on Economics
PO Box 6100
Parliament House
Canberra ACT 2600

Dear Committee

Treasury Laws Amendment (Reducing Pressure on Housing Affordability Measures No. 2) Bill 2018

The Housing Industry Association (HIA) would like to provide the following comments in relation to the *Treasury Laws Amendment (Reducing Pressure on Housing Affordability Measures No. 2) Bill 2018*.

HIA previously considered the 2017 versions of the draft legislation in relation to changes to capital gains tax for foreign residents (Schedule 1) and having reviewed the 2018 Bill we continue to have no comments in relation to these changes.

In relation to the proposed change for near new dwelling interests (Schedule 2) as they relate to foreign investors these changes are supported as they represent a logical extension of the current rules for the purchase of properties by foreign investors and remove the unintended consequence that could arise where a first property sale fails to proceed.

Lastly in relation to the proposed additional capital gains discount for affordable housing (Schedule 3), HIA supports this amendment to provide an additional 10 per cent discount to the current 50 per cent discount when these properties are retained for at least 3 years as affordable housing.

The establishment of the National Housing Finance and Investment Corporation (NHFIC) will generate a significant shift in the environment for the funding, construction and operation of long term managed affordable housing developments in Australia. This amendment is important to support the establishment of the NHFIC.

This change, and the creation of the NHFIC, will provide some additional incentive for future investors and providers of affordable housing. However, it is important to recognise that other incentives and appropriate tax settings such as the current tax treatment of charities and not-for-profits, will still need to be in place if this emerging sector of the housing market in Australia is to become a viable and effective part of the response to housing affordability nationally.

If you would like to discuss HIA's comments in further detail, please do not hesitate to contact me
on [REDACTED]

Yours sincerely
HOUSING INDUSTRY ASSOCIATION LIMITED

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Kristin Brookfield
Chief Executive Industry Policy