

Senate Economics Legislation Committee

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Budget Estimates

2017 - 2018

Division/Agency: Social Policy Division

Question No: 267

Topic: Budget Measure 17/18 - Encouraging managed investment trusts to invest in affordable housing

Reference: Written

Senator: Cameron, Doug

Question:

1. Are there any existing Managed Investment Trusts that would derive 80% or more of their assessable income from affordable housing?
2. If not, is this measure intended to stimulate the creation of new MITs that will derive 80% or more of their assessable income from affordable housing?
3. What consultation has occurred in relation to this measure? By whom? Who with?
4. Is this measure designed to stimulate the establishment of a “build to rent” affordable housing model similar to that which exists in the UK?
5. How many new affordable rental dwellings is this measure likely to create over the forward estimates and over the next ten years?

Answer:

1. The Treasury does not have access to this data.
2. As outlined in the 2017-18 Budget Paper No. 2, the measure is intended to encourage managed investment trusts (MITs) to invest into affordable housing, with up to 20 per cent of the income from the MIT able to be derived from other eligible investment business activities.
3. The Treasury has consulted with community housing providers and the Property Council of Australia, the Department of Social Services (given their role with the National Rental Affordability Scheme) and the Australian Taxation Office to inform the design of the exposure draft legislation.

The Government will consult publicly on the exposure draft legislation that will inform the final design parameters.
4. This measure is intended to increase the supply of affordable housing stock that is available for long-term rent.
5. The effect of this measure on increasing affordable housing stock is uncertain as it will depend on a number of issues, including the number of affordable housing MITs established and final investor demand.