

Media Release

Mr Tim Pallas MP

Treasurer

Minister for Economic Development

Minister for Industrial Relations



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MORE HOUSING AND FAIRER REZONINGS FOR VICTORIANS

The Andrews Labor Government is ensuring more people have the stability of a home and significant value increases from government rezoning decisions are shared with the community, thanks to landmark reforms which passed the Victorian Parliament today.

Victorians will have access to more affordable rental housing through the Build to Rent scheme, which will provide incentives for investors to build rental properties.

Build-to-Rent provides a new approach to residential housing, where properties in a development are designed to be held for rental over the long term.

Eligible developments completed and operational between 1 January 2021 and 31 December 2031 will receive the 50 per cent land tax discount and full exemption from the Absentee Owner Surcharge (AOS) for up to 30 years.

The Windfall Gains Tax also passed through the Legislative Council, meaning significant value increases from rezoning decisions will be shared and Victorians will see greater transparency in the process.

The total value uplift from a rezoning decision will be taxed at 50 per cent for windfalls above \$500,000, with the tax phasing in from \$100,000 – ensuring most land holders of rezoned land won't be affected.

Residential land which includes a home - including holiday homes and investment properties – will be exempted from the tax. It will not apply to any other increases in value, such as appreciation in property value over time.

The new system will mean developers will pay taxes on properties which have sharp value rises overnight after planning decisions to rezone land. The profits can then be shared with Victorian communities and are used to fund the services and infrastructure these communities need.

Primary production land that contains a home will also be exempted up to two hectares. Rezonings to most rural zones, or to a Public Land Zone, will be exempted.

Exemptions will also be provided for charities if the land continues to be used for charitable purposes for the next fifteen years after a rezoning. The tax will start on 1 July, 2023.

The windfall gains tax will be calculated based on valuations undertaken by the Valuer-General on the pre-rezoning and post-rezoning capital-improved values of land.

Quotes attributable to Treasurer Tim Pallas

"We want to ensure Victoria has a fairer tax system, with revenue from the windfall gains tax going back into Victorian schools, hospitals and public transport."

"This change will make the system more transparent and ensure the profits land bankers get from huge value increases are shared with the community."

Quote attributable to Minister for Planning Richard Wynne

"It's only fair that those making large windfall profits return a reasonable proportion to the community. This change won't affect residential homes – just those who receive massive windfall gains from re-zoning decisions."

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