



24 September 2019

Steve Dimopoulos MP  
Parliamentary Secretary to the Treasurer  
Chair, Victorian Government's Working Group on Build to Rent

By email: [steve.dimopoulos@parliament.vic.gov.au](mailto:steve.dimopoulos@parliament.vic.gov.au)

Josh Bull MP  
Parliamentary Secretary for Planning  
Vice Chair, Victorian Government's Working Group on Build to Rent

By email: [josh.bull@parliament.vic.gov.au](mailto:josh.bull@parliament.vic.gov.au)

Dear Steve and Josh

### **Preliminary Position | Build to Rent**

On behalf of the Urban Development Institute of Australia, Victoria (UDIA Victoria) Board and members I would like to thank you for the opportunity to represent the urban development industry on the Victoria Government's Working Group on Build to Rent (BTR).

The Working Group met three times over 2019 and I note that a broad spread of industry stakeholders, government organisations and community representatives were present at the meetings. The meetings were fruitful and well facilitated by yourselves on behalf of the Victorian Treasurer and Minister for Planning.

UDIA Victoria has taken the preliminary position below with respect to the emergence of a BTR asset class in Victoria.

UDIA Victoria is generally supportive of the emergence of a BTR sector within the urban development industry. This is a successful asset class internationally and has the potential to introduce new housing supply at scale through managed rental stock into the Victorian market, in a shorter timeframe than would otherwise be possible through a build to sell (BTS) model.

In order to be successful and commercially viable it is recognised and agreed that a taxation equalisation approach must be taken to the taxation barriers to commercial return. This should be limited to ensure tax settings are equalised and across Build to Sell (BTS) and BTR developments, rather than any advantage being enjoyed by BTR developments.

It is also recognised that density and scale (minimum 100 dwellings) are critical components of a successful BTR sector emerging in Victoria. To this end, planning controls and the overall development approval system needs to be revised with a view to increasing density and height controls for both BTS and BTR proposals. It UDIA Victoria's position however, that BTR should not enjoy preferential planning controls to BTS but that development capacity should be realised on any site regardless of end use type.

BTR developments to date in Victoria, and Australia, have predominantly delivered a premium rental product in well-serviced, high value inner urban areas. Commerciality is often achieved through the provision and take up of value-add services to tenants. UDIA Victoria accepts the Victorian



Government's preference that affordable housing be delivered through a BTR model but is of the view that the commercial feasibility of delivering affordable housing will be weak, and that a BTR asset could not serve as a solution for affordable housing as well as being a premium rental product.

UDIA Victoria is working internally to refine its position and this paper represents a preliminary view expressed by UDIA Victoria in response to the Victorian Government's Working Group terms of reference and subsequent confidential report received in August 2019.

I look forward to engaging further with you and other members of the Victorian Government as we work through the challenges and opportunities ahead with respect to BTR.

If you have any queries, please contact me directly at [danni@udiavic.com.au](mailto:danni@udiavic.com.au).

Yours sincerely

**Danni Hunter**

**Chief Executive Officer**

Urban Development Institute Australia (Victoria)  
Level 4, 437 St Kilda Road, Melbourne, 3004

P. 03 9832 9600

E. [danni@udiavic.com.au](mailto:danni@udiavic.com.au)

CC Teresa Fels  
Executive Director, Social Policy  
Department of Treasury and Finance  
By email: [Teresa.fels@dtf.vic.gov.au](mailto:Teresa.fels@dtf.vic.gov.au)