

Thursday 20 May 2021

## Budget backs bean counters before homeowners as property taxes rise to 42% of new home price

Today's State Budget backs bean counters before homeowners, with property tax hikes set to damage housing affordability for all Victorians.

The Urban Development Institute of Australia, Victorian Division (UDIA Victoria) says that taxing Victorian homeowners is not the way to promote the State's economic recovery – a statement bolstered by new modelling that shows the proportion of a home purchase price attributed to government taxes and charges will **rise from 28 per cent to 42 per cent** if the Budget's stamp duty and land tax rates are increased and a rezoning tax is introduced as proposed.

"Today marks the start of the Budget repair job but it does so at the expense of Victorian homeowners, which will only slow our recovery," said Matthew Kandelaars, CEO of UDIA Victoria.

"These taxes will increase the cost of new homes and drive up house prices across Melbourne and regional Victoria."

Featuring in the State Budget is an increase in land tax and stamp duty, together with a new rezoning tax. The cumulative effect of these tax hikes means a \$600,000 apartment in Melbourne's inner and middle ring will now include **\$253,500 in government taxes and charges**. These cost impacts will need to be passed through to homebuyers, otherwise projects will become unviable and will not proceed.

"Victorian homeowners already pay more than their fair share for the sake of our economy. If today's Budget passes the Parliament, Victorian families will be paying over \$250,000 in taxes on the average price of an apartment," said Mr Kandelaars.

UDIA Victoria continues to urge the Government to reconsider the tax changes which need to be passed by the Parliament to take effect.

"It's not too late. We're calling on the Government to sit down and genuinely consult, to consider better ways toward Budget repair and to minimise the impact on homeowners."

The budget also provides some support for the apartment market in central Melbourne, which reflects UDIA Victoria's advocacy on the issue. Although welcome, the development industry remains concerned by the mixed messages directed towards the housing market.

"We welcome the stamp duty concessions, particularly because we know that stamp duty remains a significant barrier to home ownership," said Mr Kandelaars.

"Unfortunately the stamp duty concessions, which will provide welcome some support to the apartment sector, are overshadowed by three tax hikes which will lift prices across all sections of the housing market."

## UDIA (Victoria) Media Release



“Today’s Budget provides just over \$50 million in support for homebuyers, but strips \$2.4 billion from the same people.”

– ENDS –

# UDIA (Victoria) Media Release



## ABOUT

### **Urban Development Institute of Australia (Victorian Division)**

The Victorian division of the Urban Development Institute of Australia (UDIA Victoria) is a non-profit, peak industry body representing 300,000 Victorians employed across the urban development industry. The organisation is supported by a membership of companies including developers and builders, government agencies, local councils, utility authorities, planners, financiers, consultants and engineers.

Since 1975, UDIA Victoria has given industry a voice in the policy-making process. The organisation tackles the issues having the biggest impact on Victoria's liveability – spanning topics such as the planning system, housing affordability, infrastructure, sustainability, employment and the economy.

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