

# Media Release

FOR IMMEDIATE RELEASE

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## Allan Government's cost of living budget overlooks housing

The Urban Development Institute of Australia (Victoria) welcomed cost of living measures delivered in today's State Budget, but criticised the lack of property tax reform to address housing affordability.

UDIA Victoria CEO, Linda Allison, said that while UDIA supports the Government returning to a modest operating surplus and delivering relief to communities, the State's housing crisis demands a crisis response.

"This was a missed opportunity to show Victorians that the State is serious about combating this housing crisis with relief measures equal to the challenge at hand," she said.

"The industry was looking for some courage from the Government, instead it has received crumbs."

"A year ago, I warned that without genuine property tax reform in the State Budget, housing affordability and supply shortages would only worsen. Construction companies are facing insolvencies, the development sector is scaling back operations, and we are losing capital and talent to interstate markets," said Ms Allison.

"Victoria is now the highest-taxed state in Australia when it comes to property. The Government's overreliance on property taxes is making projects unfeasible to proceed and keeping first home buyers from making the first step on the property ladder," said Ms Allison.

UDIA Victoria welcomed the extension of the off the plan concessions, as well as increased bus services growing communities. Additional funding to plan new growth areas and activity centres is also welcome.

Budget papers reveal that this year, property sector taxes contributed more than 40 per cent of total tax revenue. UDIA research shows that reducing property taxes, including additional foreign duty surcharges, can increase the amount of housing brought to market and contribute more money to the State's coffers through increased transactions.

"Our modelling indicates that halving existing duties could double the sector's output and deliver up to \$641 million in additional tax revenue through increased transactions. Reform is a win-win for the state's economy and Victorians struggling to find a home."

"Property revenues are well down compared to pre-pandemic levels because transactions are down. Reforming property tax would take the handbrake off, and the government would reap more revenue than it currently is."

UDIA Victoria is calling on the Government to conduct a holistic review of property taxes and to outline a roadmap for reform. Windfall Gains Tax, Absentee Owner Land Tax and Foreign Additional Purchaser Duty are all holding back supply of new property and jeopardising the Government's targets of delivering 800,000 across the decade.

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