Media Release

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Pre-election budget leaves homebuyers in the cold

The Urban Development Institute of Australia (Victoria) welcomed cost of living measures delivered in today's state budget but warned the lack of support for the housing sector would impact affordability.

UDIA Victoria CEO, Linda Allison, said that while UDIA supports the Government returning to an operating surplus, and delivering additional funding to growing communities, the current fuel crisis has put additional pressure on an already struggling industry.

While the budget headline is an operating surplus, the state is facing cash deficits of around $8 billion and a debt burden approaching $200 billion, with interest costs alone set to run into the tens of billions of dollars over the coming years.

Ms Allison said ensuring the state's economic fundamentals are vital to a strong property sector and ensuring affordability for home buyers.

"Not only does Victoria have the highest property taxes in the state, but parts of the housing construction industry are also facing an existential threat as costs escalate and there is no recovery in sight," she said.

"If we are ever to see Victoria reach the targets set by the government, the over-reliance on property tax must end. More than that, industry needs a signal from government that they are listening, and will back industry," said Ms Allison

UDIA Victoria welcomed the extension of the off-the-plan concessions and infrastructure funding for growth areas but warned that the continued reliance on property taxation will curtail the government's ambitions to grow the economy.

Budget papers reveal that this year, property sector taxes contributed more than 43 per cent of total tax revenue.

"We know that Victorian-specific property taxes like Windfall Gains Tax spooks investors and holds back new housing," said Ms Allison

UDIA research shows that reducing property taxes can increase the amount of housing brought to market and contribute more money to the state's coffers through increased transactions.

"It's a basic economic concept: encourage new projects through a more favourable taxation environment. Capital flows back to Victoria, more properties transact, and more revenue flows back to the state. Yet the Government continues to double down on the most punitive taxation system in the country," said Ms Allison.

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.

"We're months away from the state election. The next Victorian Government must make this state the best place in Australia to deliver housing, by guaranteeing land supply, fast-tracking approvals, investing in community infrastructure and supporting innovation in construction," Ms Allison said.

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UDIA Victoria's pre-budget submission can be found at: https://udiavic.com.au/policy-submissions/

UDIA Victoria's discussion paper on reforming Windfall Gains Tax can be found at: https://udiavic.com.au/policy-submissions/

UDIA Victoria's 2026 election platform can be found at: https://udiavic.com.au/election-platform-2026-2/

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