



## Taxing property developers to build affordable housing

Queenslanders are struggling with the cost of rents and mortgages, and many people can't afford to buy a house. There are 20,000 homeless people across our State, but right now there are 20,894 vacant apartments and houses in Brisbane alone. The housing market has failed.

Banks and property developers, with the help of Labor and the LNP, have rigged the housing system against Queenslanders.

Homes should be built for people, not for property developer profit. The Greens will tax properties that have been deliberately left vacant to help fund the construction of 200,000 affordable homes over ten years. We will stop the practice of keeping properties vacant and "playing the market" while Queenslanders are left without a home.

One in five Queenslanders are in severe financial stress because of unaffordable rents or mortgages. An entire generation are being locked out of the housing market.

While Labor the LNP are in the pockets of big corporations, they will never tackle a broken system that allows hundreds of thousands of Queenslanders to struggle with housing while a few property developers and wealthy investors deliberately keep 20,894 homes vacant.

## Vacancy tax

**The Queensland Greens will levy a 5% tax on properties which are intentionally kept vacant and not advertised for rent or sale.** This tax will raise \$800 million over five years to help fund our plan for universal housing.

1. Levy an annual vacancy tax on vacant residential properties equal to 5% of the capital-improved value of property as determined by State Government Valuer-General
2. The tax would be restricted to the Brisbane City Council area. The following categories of property would be exempt from the tax:
  - Properties used for work purposes for people who need a second home to live temporarily in Brisbane.
  - Properties that are advertised for rent or for sale at a reasonable market rate
  - Properties which are part of a deceased estate
  - Properties owned by residents who have temporarily moved overseas. The property must be their primary residence.
3. A property must be vacant for more than 6 months in any 12 month period and be owned by the same owner for the vacancy tax to apply;
4. Vacant properties will be located by utilising multiple data sources, including water and utility usage, leases registered with the Residential Tenancies Authority, properties claiming an owner-occupier discount on council rates and referrals from neighbours and government agencies.
5. Where a property has been classified as vacant, an owner would be able to appeal the decision.

The Queensland Greens would also investigate levying a vacancy tax on commercial property and vacant land.

The Victorian government recently introduced a similar policy at 1% of the capital-improved value of a property per year. We believe that housing should be used for people, not as a way to make a profit, which is why we have set the tax rate at 5%. Our proposed vacancy tax includes very generous exemptions, including an exemption for properties which are currently advertised for rent or sale at a reasonable market rate.

## Funding for universal housing

The vacancy tax would raise \$800 million over five years which would help fund our plan to build 1 million affordable homes and establish universal access to social housing.

Just like healthcare and education, housing is a basic necessity which should be universal and free.<sup>1</sup> The Greens would establish a Queensland Housing Trust which would build 200,000 affordable social homes over the next 10 years, and 1 million homes in the next thirty years.

Our plan for universal housing will be funded primarily through long-term government bonds taking advantage of low-interest rates available for public borrowing, with additional revenue as a supplement. Further revenue will come from our plans to make sure mining companies<sup>2</sup> and property developers<sup>3</sup> pay their fair share.

The Greens' plans for housing are about ensuring everyone can with live with dignity in a comfortable home.

## Investigating a levy on vacant land and vacant commercial properties

The Queensland Greens would also investigate a levy on vacant land and vacant commercial properties. One possible side-effect of a vacancy tax could be to make developers more cautious about building apartments if they are not confident of sufficient demand, which might lead to them leaving blocks of undeveloped land sitting empty rather than building on it or selling it. "Land banking" in the inner-city can become a big problem when the property market slows, and could actually be exacerbated by a vacancy tax. Land banking is already happening in many areas around Brisbane. Rather than an investor holding an empty block of land and waiting for its value to rise (or for the land to be up-zoned) we want to encourage owners to use the land productively, even if this means it's only used as a carpark or temporary public park or as a once-a-month site for community markets and festivals.

To avoid this unintended side-effect, the Queensland Greens would investigate levying a tax on vacant land as well as vacant homes. The exemptions applying to such a tax could be quite generous, and could be focussed on encouraging peri-urban agricultural projects and other productive land uses.

We would also investigate levying a vacancy tax on long-term vacant commercial properties which would drive down rents for small businesses, especially in economically depressed areas of Brisbane. Instead of sitting empty, vacant storefronts and warehouses would be put to more productive and positive uses. For example, small NGOs or community arts projects could be offered spaces in vacant storefronts for cheap rent.

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<sup>1</sup> Our fully-costed plan for universal housing is here: <https://greens.org.au/qld/homeforall>

<sup>2</sup> The Queensland Greens would raise an extra \$20 billion over five years by raising mining royalties. Accessible: <https://greens.org.au/qld/fairshareplan>

<sup>3</sup> The Queensland Greens would raise \$1.8 billion every year via a 75% Developer Tax on improved land value from land rezonings which are currently given out for free. Accessible: <https://greens.org.au/qld/planning>

# Costing

This election, all of the Greens policies are fully costed and fully funded, balancing spending commitments against new revenue. The costing for this policy including assumptions relating to revenue are below.

Vacancy Tax	2016-17 (present)	2017-18	2018-19	2019-20	2020-21	2021-22
Total number of residential properties (as @ Dec 2016)	1,956,400	1,997,780	2,040,036	2,083,185	2,127,247	2,172,241
Total number of residential properties in Brisbane City Council area	481,450	491,634	502,032	512,651	523,494	534,567
Number of vacant properties in Brisbane City Council area (4.25%)	20,462	20,894	21,336	21,788	22,249	22,719
– less exempt properties (50% reduction)	10,231	10,447	10,668	10,894	11,124	11,360
– less behavioural response (50% reduction)	5,115	5,224	5,334	5,447	5,562	5,680
Tax-liable vacant properties	5,115	5,224	5,334	5,447	5,562	5,680
– of which are houses	2,046	2,089	2,134	2,179	2,225	2,272
– of which are 'other dwellings'	3,069	3,134	3,200	3,268	3,337	3,408
Median House price	\$690,167	\$749,602	\$814,156	\$884,270	\$960,421	\$1,043,131
Median 'other dwelling' price	\$405,333	\$428,060	\$452,061	\$477,408	\$504,176	\$532,445
<b>Tax base</b>						
– Houses	\$1,412,194,395	\$1,566,251,477	\$1,737,114,732	\$1,926,617,557	\$2,136,793,351	\$2,369,897,341
– Units ('other dwellings')	\$1,244,067,895	\$1,341,610,853	\$1,446,801,809	\$1,560,240,415	\$1,682,573,341	\$1,814,497,958
Total tax base	\$2,656,262,290	\$2,907,862,330	\$3,183,916,541	\$3,486,857,972	\$3,819,366,692	\$4,184,395,299
Total tax revenue of 5% per year - 1 January 2018 start date		<b>\$72,696,558</b>	<b>\$159,195,827</b>	<b>\$174,342,899</b>	<b>\$190,968,335</b>	<b>\$209,219,765</b>
<b>Total over 5 years</b>						<b>\$806,423,384</b>

## Assumptions

- Vacancy rate is 4.25% (explained further below)
- The number of properties will grow at 212% per year (based on ABS data)
- 40% of vacant properties are apartments, while 60% are houses (consistent with the Victorian government's proposal)
- The owners of 50% of vacant properties will act to rent or sell them in response to the vacancy tax (consistent with the Victorian government's proposal)
- 50% of vacant properties will be exempt from the vacancy tax (consistent with the Victorian government's proposal)
- The median price (houses) in Brisbane is \$690,167 in 2016-17.
- The median price (other dwellings) in Brisbane is \$405.333 in 2016-17.

## Sources

- Quarterly Median House Prices by zones in capital cities - REIQ
- Quarterly median other dwelling prices by zones in capital cities - REIQ
- Vacancy rate - ABS
- Number of households per LGA - ABS
- Quarterly vacancy rate - REIQ

## Vacancy rate in Brisbane

The Greens estimate that the vacancy rate in Brisbane is currently 4.25%. The most recent Australian Bureau of Statistics (ABS) 2016 Census found that 8% of Brisbane's residential properties were vacant. The ABS counts properties which are vacant on the night of the census but it is generally accepted that this method overestimates the number of long-term vacant properties.

To get a more accurate estimate the Greens have assumed that those people who indicated in the Census that they usually live elsewhere live in the vacant properties captured by the ABS.<sup>4</sup>

Applying this method to Melbourne gives a very similar vacancy rate to the one determined in the Speculative Vacancies Report released by Prosper Australia, who estimate vacancy rates based on water usage.<sup>5</sup>

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<sup>4</sup> For the purposes of this calculation, the Greens have assumed that an average household is 2.59 people. This represents the mean number of persons per household from the ABS Survey of Income and Housing 2013-14 <http://www.abs.gov.au/ausstats/abs@.nsf/mf/6553.0>

<sup>5</sup> <https://www.prosper.org.au/tag/speculative-vacancies/>