



27 June 2026

Committee Secretary
Senate Economics Legislation Committee
PO Box 6100
Parliament House Canberra ACT 2600

AHURI submission to Inquiry on the Capital Works (Build to Rent Misuse Tax) Bill 2024

On behalf of the Australian Housing and Urban Research Institute (AHURI) I am pleased to make a submission to the Senate Standing Committee's Inquiry on the Capital Works (Build to Rent Misuse Tax) Bill 2024 ('the Bill'). The Bill effectively provides a clarification to previous legislation (ITAA 1997, TAA 1953 and ITAA 1936) to improve incentives for investment in new Build-to-Rent (BTR) housing development.

The BTR model focusses on increasing the supply of rental housing through improving investment options and outcomes for institutional investors. As such developers and their financiers build multi-unit buildings and, instead of selling the units individually, retain them to rent to tenant households. This can lead to faster development, when compared to development models requiring sale of a majority of units 'off the plan' to finance construction.

Rents may be set at market rents or, for affordable housing, an appropriate discount to market rents could be offered with appropriate government support to make up the funding gap. It is worth noting that BTR is frequently conflated with affordable rental supply. BTR is not necessarily offered to tenants at lower than standard rental market prices, and to date in Australia has tended to offer a 'premium' product with increased amenity, tenure security and other inducements, at higher rental prices. Below market pricing typically only occurs where a subsidy is provided, most frequently by a government program.

BTR is an established practice in both the UK and USA but it has not been taken up at scale in Australia, supplying less than 1% of rental housing stock nationally. Developers typically cite Australia's tax settings, which were designed for a 'build to sell' model, as a major impediment, in particular land taxes and the inability to defer GST costs on construction materials makes retaining dwellings unprofitable.

There is clearly scope for increased investment in BTR in Australia; the proposed legislation is intended to continue to incentivise investment, and to provide greater certainty around eligibility and monitoring of eligibility for related tax concessions. The proposed legislation provides a positive step toward in enabling an increased provision of rental accommodation through BTR investment.

If there is any way we can be of further assistance, please contact me directly on [REDACTED]

Yours sincerely,

[REDACTED]

Managing Director

**Australian Housing and
Urban Research Institute**
ABN 11 090 448 918

Level 12, 460 Bourke Street
Melbourne VIC 3000
Australia

[REDACTED]
information@ahuri.edu.au
ahuri.edu.au