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MEDIA RELEASE

Housing peak bodies welcome regulations to unlock 80,000 build-to-rent homes

The Property Council of Australia, Community Housing Industry Association (CHIA) and National Shelter have welcomed regulations supporting the delivery of desperately needed affordable rental housing.

In November last year Property Council, CHIA and National Shelter welcomed the passage of the build-to-rent (BTR) legislation that can deliver 80,000 rental homes over the next decade.

Today's announcement that the draft instrument *Income Tax Assessment (Build to Rent Developments) Amendment (Expanding Affordability Requirements) Determination 2025* is now in force will be a shot in the arm for rental housing supply.

It outlines the key details to implement most elements of the legislation and enable BTR operators to opt in and immediately provide affordable rental homes.

Property Council Chief Executive Mike Zorbas said the regulations will help unlock the largest Federal supply of rental homes this century.

"This is a welcome investment in 80,000 secure rental homes over the next decade," Mr Zorbas said.

"Of these, 8,000 will be affordable, with 1,200 ready to be rented in the near future.

"This is the largest ever Federal effort to help relieve pressure on renters.

"We look forward to working with the government and industry colleagues on future details and supporting the important commitment to future drafting banning 'no cause' evictions," he said.

The legalisation contains changes proposed by CHIA, National Shelter and the Property Council, championed by Housing Minister Clare O'Neil and independent Senator David Pocock, and ultimately supported by the crossbench.

These changes mean tenancies will now be offered for a minimum of five years, with affordable tenancies defined to be available to people on moderate and low incomes. At least 20 per cent of the affordable tenancies will be available to low-income earners where rents are capped below 74.9 per cent of the market value or 30 per cent of household income, whichever is lower.

CHIA CEO Wendy Hayhurst said the legislation will unlock affordable rental accommodation urgently needed by lower income workers.

"This is a critically important initiative that will provide a pipeline of genuine affordable housing for households that have few other alternatives," said CHIA CEO, Wendy Hayhurst.

"When done correctly, BTR provides tenants the sort of stability they badly need but can't get because private ownership is out of their reach.

"It has been great to collaborate with the Property Council and National Shelter to help strengthen the legislation and we will continue to work together to ensure that additional regulations are introduced to ban 'no cause' evictions and, critically, that the legislation is successfully implemented," she said.

National Shelter CEO, Karen Walsh said the changes improving access to affordable tenancies by people on lower incomes were welcome and reiterated the importance of further work to ban 'no cause' evictions.

"This legislation is badly needed, especially for people on lower incomes. With the changes to reserve some affordable tenancies for people on low incomes, a good piece of legislation is now great," said Karen Walsh.

"Any day that gives people more housing security is a good day. The move to increase minimum lease term offers to five years is most welcome and National Shelter will continue work with CHIA, the Property Council and the government to finalise the approach to banning 'no cause' evictions," said Karen Walsh.

BTR housing is a new form of housing in Australia, though common in other countries like the UK, Canada and the US. BTR offers professionally managed, resident-focused communities, increasing access to affordable and market-rate rentals while helping tenants save for future goals like home ownership.

With the passing of legislation in November 2024, CHIA, National Shelter and the Property Council of Australia secured a commitment from the government to:

1. Revise the definition of affordable tenancies to:

- Ensure that these are available to moderate income earners with at least 20 per cent of the affordable tenancies available to low-income earners.
- Income eligibility limits are specified such that rents are up to 74.9 per cent of market value or no more than 30 per cent of household income for low-income earners, whichever is the lower.
- Maintain security of tenure for tenants that move from low-income to moderate income by providing supportive transition arrangements for residents that no longer meet income eligibility criteria.
- Make it clear that renters of affordable tenancies do not incur additional service charges for amenities such as gyms or swimming pools.

2. Require the affordable tenancies to be managed in partnership with registered, not-for-profit community housing organisations (CHOs). This includes CHOs determining eligibility of prospective tenants and conducting compliance checks for reporting purposes but doesn't include management of the physical building or leases.

3. Immediately unlock over 1,200 affordable tenancies by extending the 15 per cent MIT withholding tax rate to existing BTR projects that meet the other eligibility criteria. With the National Rental Affordability Scheme (NRAS) ending, up to 6,750 properties ceased to be affordable under the scheme in the period of April – December 2024. There is therefore a strong imperative to unlock affordable rental housing as soon as possible.

- 4. Supporting long-term security of tenure by offering five-year lease terms.** Increase the original requirement to offer three-year leases and offer longer lease terms to improve security of tenure.
- 5. No use of 'no cause' evictions.** A requirement for accessing the concessions is that BTR operators commit to not using 'no grounds' clauses to gain possession.

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