### Background

Build-to-rent projects are large-scale residential developments where the properties are held and managed by a single entity to be rented out over the medium to long term.

### Proposed changes

From 1 January 2022 until 31 December 2031, eligible build-to-rent developments will receive a 50 per cent land tax concession for up to 30 years and a full exemption from Absentee Owner Surcharge over the same period.

### Establishing the build-to-rent sector in Victoria

As part of Victoria’s Big Housing Build announced in the *2020-21 Budget*, the Government will help establish the build-to-rent sector, leading to significant benefits.

Making housing more affordable by increasing the supply of rental properties:

* The build-to-rent sector will increase the diversity and supply of rental properties in inner and middle ring suburbs of Melbourne, consistent with the aims of *Plan Melbourne 2017-2050*.
* Build to-rent also provides the opportunity for new rental supply throughout Victoria.

Providing greater security of tenure:

* A build-to-rent sector will provide Victorians with a new alternative to home ownership.
* Build-to-rent projects provide greater security of tenure by offering longer-term rentals so   
  people can stay in one place and put down more secure roots, with associated social and community benefits.

Stimulating construction activity:

* Build-to-rent developments can be brought to market quickly, as the build-to-rent product   
  does not require a minimum number of off-the-plan purchases to secure financing.

### Meeting industry needs

Implementation of the initiative has been refined in consultation with key stakeholders.

Eligible projects will now receive the land tax concession and AOS exemption for up to 30 years from operation.

The support package will be available from 1 January 2022 for all eligible projects completed and operational between 1 January 2021 and 31 December 2031. This means projects commencing before 1 January 2022 will not be disadvantaged. If any eligible projects are completed and commence operation during the 2021 calendar year, they will also benefit from the land tax concession and AOS exemption from 1 January 2022.

In addition to these tax changes, the Government will facilitate planning assessments, consult with industry and advance the case for build-to-rent in discussions with the Commonwealth Government.

**Expected impacts**

This initiative will help increase housing supply and support hundreds of jobs in the construction sector.