

Extreme Wealth Property Tax

Tackling economic inequality and delivering affordable housing

As part of the Greens plans to tackle growing housing inequality and the chronic lack of affordable housing in NSW, we will **introduce a new land tax on high-end residential properties, increase and expand the existing land tax payable on investment properties and abolish the land-tax concessions being handed over to big developers** under the cover of 'build-to-rent' schemes that don't deliver affordable housing.

The Greens' package will create more social and affordable housing - at the expense of those who are extremely wealthy and can absolutely afford to pay.

NSW is in the middle of a serious housing crisis and the inequality gap is widening, but instead of addressing this crisis, the Liberals and Nationals continue to provide special treatment and tax breaks for big investors. They are also failing to create more public, social and affordable housing.

The Greens believe that those who own and live in extremely expensive properties - as well as those who have big property portfolios - should be required to pay their fair share so that the government can make housing affordable for those who are struggling. There is a desperate need for more public, social and affordable housing to address the risk of homelessness faced by First Nations people, older women, disabled people and survivors of domestic violence.

Our 'Extreme Wealth Property Tax' will require owners of residential owner-occupied properties with a land value of more than \$10 million, or an improved value of more than \$20 million, to pay a flat 4% land tax. The Greens are also committed to increasing the rate of land tax payable above the Premium Threshold by anyone who owns property that is not their principal place of residence from 2% to 5%.¹ Additionally, we will expand this tax to include any investor who owns 8 or more residential properties.

¹ Premium Threshold in 2022-23 FY is \$5,925,000. See list of taxable property at Figure 2 below. Revenue NSW - Who Pays Land Tax? [Taxes, Duties, Levies, Royalties](#)

THE GREENS WILL:

- ▲ Introduce a new land tax on owner-occupied residential properties with an unimproved land value over \$10 million or an improved value over \$20 million at a flat 4% of the improved value.
- ▲ Increase the rate of land tax payable on non owner-occupied properties and land that meets the NSW government Premium Threshold² to 5% from 2%, and expand the Premium Threshold to include investors who own more than 8 residential properties.
- ▲ Abolish the build-to-rent 50% land tax concession³ unless these developments yield at least 30% ongoing social and affordable housing on private land and 100% on publicly owned land.
- ▲ Maintain existing hardship deferrals for residential land and exemptions on primary production lands⁴ and conduct an independent review of other exemptions.
- ▲ Use all revenue raised by this tax to build or purchase more social and affordable homes.

THIS EXTREME WEALTH PROPERTY TAX PACKAGE WILL DELIVER MORE AFFORDABLE HOMES

As an example, based on the Greens' new land tax for just 10 extremely expensive properties in Sydney (listed below in Figure 1), this would fund the creation of some 86 dwellings each year.

\$17,160,000 in land tax would be raised from just 10 extremely expensive properties in Figure 1 would yield approximately 86 x 2-bedroom social housing units every year.

² NSW Government [Land Tax Rate 2023](#)

³ NSW Revenue [Land Tax on Build to Rent developments](#)

⁴ NSW Government [Land Tax Management Act 1956](#)

TAX ON HIGH-END RESIDENTIAL PROPERTIES

Introduce a new land tax on owner-occupied residential properties with a land value over \$10 million or an improved value of \$20 million at a flat 4% of improved value.

Currently all owner-occupied residential properties are exempt from land tax. This hasn't always been the case. Back in the 1990s and early 2000s, the NSW Labor government levied land tax on some 4,000 residential properties with a land value of \$1 million or more and used the funds to provide public infrastructure.

The Greens want an end to the exemption for extremely expensive properties. We will levy all owner-occupied residential properties with a land value of over \$10 million, or an improved value of \$20 million, at a flat 4% rate on improved value with some exemptions and deferrals.

This initiative would contribute to the supply of more social and affordable homes for those who need them, including First Nations people, older women, disabled people or those escaping domestic violence.

For example, if just 40 properties with improved values of just over \$20 million were taxed according to our proposal this tax would raise approximately \$32 million dollars annually based on an average land tax of \$1 million per property.

The tax raised from just 40 high-end properties would fund the creation of 160 x 2 bedroom social housing units a year⁵ which is more than a quarter of the number of public and social homes that the NSW government created in 12 months between 2021/2022. This is also significantly more affordable homes than the government created in this period.⁶

The Greens new land tax on extremely expensive owner-occupied properties and require them to pay:

- ▲ A 4% flat levy on residential properties with unimproved land values over \$10 million
- ▲ A 4% flat levy on residential properties with improved land values over \$20 million

A recent report from the Sydney Morning Herald highlighted the 10 most expensive houses in Sydney - we must tackle this extreme wealth inequality when it comes to housing in NSW.⁷

⁵ Based on [Research from UNSW City Futures Research Centre](#) estimates a capital cost of \$203,000 per social housing dwelling

⁶ 516 new public housing dwellings and just 3 new affordable housing dwellings were constructed by the NSW government in the FY 2021/22. Additionally the government sold off 262 public housing dwellings in the same period. [NSW Budget Estimates August 2022 - Housing](#) Budget Estimates Hearing – Monday 29 August 2022 | Supplementary Questions | Pages 13 and 15

⁷ [Fashion mogul Nicky Zimmermann buys \\$60 million Vaucluse trophy home](#)

INCREASE AND EXPAND THE PREMIUM LAND TAX THRESHOLD FOR HIGH VALUE INVESTMENTS AND INVESTORS WITH LARGE PORTFOLIOS

Increase the land tax payable on non owner-occupied properties and land that meets the NSW government's eligibility criteria and is above the premium threshold to 5% and include investment portfolios of more than 8 residential properties

We will apply a fair tax to wealthy non owner-occupied property owners and developers.

The percentage of land tax payable on the land value of non-owner occupied land and property that is over the NSW Government's premium threshold land value of \$5.925 million is 2% plus \$67,364. We are proposing to raise the land tax payable on these properties to 5%.

Additionally we will apply this 5% tax on non-owner occupied residential investment portfolios of 8 or more properties where the total value is over the Premium threshold.

- ▲ Increase the land tax payable to 5% on eligible properties above the Premium threshold
- ▲ Levy a land tax of 5% on the total value of non-owner residential properties where 8 or more are owned by the same person and the land value exceeds the Premium Threshold.

ABOLISH 'BUILD TO RENT' HANDOUTS TO DEVELOPERS

Abolish the build-to-rent 50% land tax concession unless these developments yield at least 30% ongoing social and affordable housing on private land and 100% on publicly owned land

Build-to-rent is a form of development that has been given special treatment and tax concessions by the NSW government including a 50% land tax discount despite the fact that there are no affordable housing quotas for any of these developments.

- ▲ We will abolish the 50% land tax discount on any new build-to-rent dwellings on private land unless at least 30% are affordable
- ▲ We will abolish the 50% land tax discount on any new build-to-rent dwellings on public lands unless 100% are affordable

We can use our tax system to make more affordable homes available for those who desperately need them.

DEFERRALS AND EXEMPTIONS

Permit land tax deferrals based on hardship for owner-occupied residential properties and maintain exemptions on primary production lands and review other exemptions

This extreme wealth land tax will not negatively impact people who are unable to pay the tax due to hardship eg: retirees who are receiving a pension or have income that is insufficient to pay land tax. They will be able to defer the tax payment.

In line with Section 10AA of the Land Tax Management Act 1956 (LTMA) land that is used for the dominant purpose of primary production will continue to be exempt.⁸

We will review all other current land tax exemptions and concessions.⁹

The Greens recognise that housing is a human right and are committed to working to ensure that everyone has a safe, secure, affordable place to call home.

HOW THE GREENS HAVE BEEN WORKING FOR YOU

The Greens in parliament have a long and strong track record standing up to developers and big investors seeking to profit from the housing crisis. It was the Greens who:

- ▲ Led the campaign to secure a ban on developer donations in NSW.
- ▲ Successfully advocated for COVID rental protections, including a moratorium on no grounds evictions and protection from eviction due to rent arrears.
- ▲ Took the side of the community and stood up to developers seeking to profit from the sell-off of public housing.
- ▲ Opposed build-to-rent developer land tax concessions

⁸ [Land used for primary production: Sections 10AA - Land Tax Management Act 1956](#)

⁹ [Land Tax Management Act 1956 No 26](#)

GOVERNMENT FAILS TO DELIVER SOCIAL AND AFFORDABLE HOUSING

Since the release of the 'Housing 2041: NSW Housing Strategy' last year, the housing crisis has continued to get worse, with the NSW Liberal/National Government failing to deliver.

- ▲ There is an extreme shortage of affordable rental properties with most renters now paying more than 30% of their income on rent which puts them in rental stress.¹⁰
- ▲ The total number of affordable homes delivered by the NSW government in the 2021/2022 Financial Year was just 3 (in the Wollongong LGA).¹¹
- ▲ The NSW government only delivered 516 social housing dwellings in the 2021/2022 Financial Year and in the same period sold off 262 social and public housing dwellings which means the net total of new social and public homes in this 12 month period was 254.¹²
- ▲ There are over 100,000 people on the public housing waiting list who have been deemed eligible but are facing waiting times of up to 10 years, resulting in tens of thousands of people either struggling to pay rents they can't afford, living in unacceptable situations and facing homelessness.¹³
- ▲ The number of unoccupied public housing dwellings in NSW as at Sept 5, 2022 was 3,161.¹⁴
- ▲ **The NSW government does not keep any data on the make-up of affordable housing as a percentage of the total housing stock in NSW.**¹⁵

¹⁰ Tenants Union NSW - [Census 2021: Renters are the fastest growing tenure in Australia](#). The 2021 Census data tells us the number of households in NSW paying more than 30% of income on rent has increased by 21,107 from 314,297 in 2016 to 335,404 in 2021, July 4, 2022

¹¹ NSW Budget Estimates August 2022 - [Housing Responses](#)

¹² Response to Questions asked by The Greens in [Budget Estimates, Aug 2022](#) Monday 29 August 2022

¹³ Department of Communities and Justice, [Expected Waiting Times at June 30, 2021](#) The number of applicants at June 30, 2021 is 44,124 plus 5,801 Priority applications. Many of these applications will be couples and families.

¹⁴ Ibid

¹⁵ Ibid

BACKGROUND - LAND TAX IN NSW 1956 - 2004

- NSW had a land tax system from 1956 that taxed principal places of residence. The Land Tax Management Act 1956 was watered down in the late 1980s until the 1998 land tax year when the Carr Labor government applied it to some 4000 properties with a value of over 1 million dollars. This was announced in the 1997-98 NSW Budget and legislated in the State Revenue Legislation Amendment Act 1997, which inserted new sections 9(3) and 9(4) into the Land Tax Management Act 1956.
- This tax was justified by equating the value of these almost exclusively Sydney properties with ‘the huge amount of taxpayers’ money that goes into making Sydney the world’s finest city’. This measure was posited to raise \$50 million a year.¹⁶
- This proposal specified that retirees who were receiving a pension or who had limited income insufficient to pay the land tax on their principal place of residence were able to defer payment of the tax.¹⁷ The percentage increase in revenue that was estimated to be raised in the 1997-1998 year was 25.8% more than the previous year.¹⁸
In 2004, the State Revenue Legislation Amendment Act 2004 repealed the Premium Property Tax Act 1998 and replaced section 2(1) of Schedule 1A of the LTMA 1956 so that the principal place of residence exemption applied to all residential land used as a principal place of residence. No significant amendments were made to the PPTA 1998 before its repeal.
- The repeal of the PPTA 1998 was part of the Mini-Budget announced on 6 April 2004. The then NSW Labor Treasurer, Michael Egan, stated:

“The final tax change is to the structure of the Premium Property Tax. At present this is a land tax on owner-occupied properties with a land value of over \$1.97 million, provided they come within the top 0.2 per cent of properties in the State. This arrangement will now be replaced and in future, the Premium Property Tax will be imposed as a 7 per cent marginal rate stamp duty on all residential properties purchased for more than \$3 million.”¹⁹

¹⁶ NSW Government, Budget Paper No. 1: NSW Treasurer’s Budget Speech 1997-98, 6 May 1997, p 18

¹⁷ R Simpson and H Figgis, Land tax in New South Wales, NSW Parliamentary Library Research Service, Briefing Paper No 6/98, 1998, p 19

¹⁸ Ibid, p 4

¹⁹ M Egan, Mini-Budget speech, NSW Hansard, 6 April 2004

Figure 1: Estimates on Extreme Wealth Properties 4% land tax

TOP SALES IN SYDNEY FOR FINANCIAL YEAR 2021/22²⁰

	Property	Approximate sale price	Estimated 4% land tax on improved land value
1.	Tirrikee, Darling Point	\$63m-\$67m	\$2,520,000
2.	Wentworth Rd, Vaucluse	\$63m	\$2,520,000
3.	Akuna, Wolseley Rd, Point Piper	\$45m	\$1,800,000
4.	Rosemont, Rosemont Ave, Woollahra	\$45m	\$1,800,000
5.	Hillside Ave, Vaucluse	\$35m	\$1,400,000
6.	Tivoli Ave, Rose Bay	\$34m	\$1,360,000
7.	Hopetoun Ave, Vaucluse	\$37.5m	\$1,500,000
8.	Woodlands, Wallaroy Rd, Woollahra	\$35m	\$1,400,000
9.	Fisher Ave, Vaucluse	\$34.5m	\$1,380,500
10.	Cranbrook Rd, Bellevue Hill	\$37m	\$1,480,000
		Total land tax	\$17,160,000

²⁰ Sydney's Priciest Houses Revealed, [propertynoise.com](https://www.propertynoise.com)
<https://www.propertynoise.com.au/sydneys-priciest-houses-revealed/>

Figure 2: Who Pays Land Tax

Land tax is levied on anyone who owns property that is not their principal place of residence.

It is calculated on the total value of all taxable land above a particular threshold.

Land tax applies regardless of whether income is earned from the land.

You may have to pay land tax if you own, or jointly own:

1.	vacant land, including rural land
2.	land where a house, residential unit or flat has been built
3.	a holiday home
4.	an investment property or properties
5.	company title units
6.	residential, commercial or industrial units, including car spaces
7.	commercial properties, including factories, shops and warehouses
8.	land leased from state or local government

[Revenue NSW - Who Pays Land Tax? Taxes, Duties, Levies, Royalties](#)