



# PARLIAMENTARY BUDGET OFFICE

NSW Parliament • Parliament House, Macquarie Street Sydney 2000

**Referred by:** Australian Labor Party      **Proposal No:** C1550  
**Date Referred:** 07/03/2023      **Date Published:** 20/03/2023  
**Proposal Title:** Build-to-rent trial in South Coast  
**Cluster:** Planning and Environment

## General Government Sector Impacts

	2022-23 \$'000	2023-24 \$'000	2024-25 \$'000	2025-26 \$'000	4-year Total \$'000
Expenses (ex. depreciation)	-	5,000	10,000	15,000	30,000
Depreciation					-
Less: Offsets		5,000	10,000	15,000	30,000
Revenue					-
<b>Net Operating Balance:</b>	-	-	-	-	-

Capital Expenditure	-	-	-	-	-
Capital Offsets					
<b>Net Capital Expenditure:</b>	-	-	-	-	-

<b>Net Lending/(Borrowing):</b>	-	-	-	-	-
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## Total State Sector Impacts

<b>Net Lending/(Borrowing):</b>	-	-	-	-	-
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### Notes and costing assumptions:

The policy proposes to provide a \$30 million grant to Landcom over 3 years starting from 2023-24. The funding is to construct build-to-rent (BtR) properties to increase rental housing in the South Coast of NSW. Surplus public land would be used, or new land would be acquired. Landcom will build properties and then pass on property management to either a government agency or external partner via tender.

The policy assumes revenue generated from BtR properties will offset costs and profits will be reinvested into social housing. It is proposed that funding will come from the Regional Growth Fund (RGF). Refer to **Table 1** for the annual expenditure under the RGF.

The Parliamentary Budget Office (PBO) assumes that the “unallocated funds” referred to in the policy includes both unallocated and reserved/provisioned funds.

Currently, the RGF is not fully committed which means the proposed policy will have no budget impact over the forward estimates. The proposal may require legislative and/or regulatory changes to enable Landcom to participate in a BtR scheme. The PBO considers any costs associated with these changes can be absorbed within the normal operating budget of the relevant agencies.

**Notes and costing assumptions continued:**

Section 9(E) of the *Land Tax Management Act 1956* (NSW) provides a tax concession for BtR properties. The costing does not include any possible foregone revenue from land tax.

**Table 1 – Regional Growth Fund**

<b>Regional Growth Fund</b>	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	6-Year Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Approved – Committed	203,370	260,494	142,573	106,540	151,974	28,643	893,593
Approved – Uncommitted	24,659	31,585	17,287	12,918	18,427	3,473	108,350
Reserved	126,653	162,228	88,791	66,350	94,645	17,838	556,505
Unallocated	11,693	14,977	8,197	6,125	8,738	1,647	51,376
<b>TOTAL RGF GRANTS</b>	<b>366,375</b>	<b>469,284</b>	<b>256,848</b>	<b>191,933</b>	<b>273,783</b>	<b>51,600</b>	<b>1,609,823</b>

*Note: Data is based on forecast by DRNSW in March 2023.*

**Caveat**

The PBO assumes should there be no surplus of existing public land available, property land will need to be acquired. Therefore, this may decrease the number of BtR properties built by Landcom.