

Inquiry into Housing Availability  
Economic and Finance Committee  
House of Assembly  
Parliament of South Australia

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### **Re: SACOSS evidence to the Committee**

Thank you for the opportunity for SACOSS to present evidence to the Committee on 1 June 2023. We would like to provide the Committee with further information on questions we were asked at the hearing.

#### **Solar Power in Rental Properties**

In the context of discussion of energy efficiency and the broader costs of housing, the Member for Elder, Ms Clancy, asked us if we knew how many rental properties have solar panels as a rough percentage of all rentals (which she anticipated would be quite low).

We did not have data at the time, and on further research we do not believe there are readily available figures for South Australia. However, an [EnergyLab report](#) using ABS data from 2017 suggests that nationally only 4% of rental properties had rooftop solar (by comparison with 29% of owner-occupiers). With South Australia having a relatively higher overall take-up of rooftop solar, and with new installations since that data, SACOSS would anticipate the percent of rentals in South Australia would be higher than this 4% figure, but it is obviously still a small proportion of the market.

#### **Vacant Property Taxes**

The Member for Flinders, Mr Telfer, asked us about the work we had done in relation to our proposals for a vacant property tax as a way of encouraging more housing supply. We responded that we did not have the resources to model the impact in South Australia, but we can now provide some further information. The following is based in part on studies and overseas examples cited in a Shelter SA report on their “Empty Homes” project, as well as additional SACOSS research.

The following table, from an [article by NZ academic, Jonathon Barrett](#), shows the key features of the leading international examples of vacant property taxes.

Table 1: Comparison of key features of VPTs			
Jurisdiction	Affected area	Vacancy period	Rates of tax
Australia	National (only applies to non-resident investments made after 9 May 2017)	6 months	Fee equivalent to, e.g. 0.55% for property <\$1 million value; 1.12% for \$9-10 million value
British Columbia	Designated urban areas	<ul style="list-style-type: none"> <li>9 months (2018)</li> <li>6 months (2019)</li> </ul>	<ul style="list-style-type: none"> <li>0.5% (2018)</li> <li>2% foreign investors; 1% non-BC Canadians; 0.5% BC Canadians (2019)</li> </ul>
France (TLV)	Designated urban areas	1 year	<ul style="list-style-type: none"> <li>12.5% (year 1)</li> <li>25% (subsequent years)</li> </ul>
Ireland	Designated urban areas	1 year	<ul style="list-style-type: none"> <li>3% (year 1)</li> <li>7% (subsequent years)</li> </ul>
Scotland	Local authority choice	1 year	<100% on local rate
Victoria	Inner/middle-ring Melbourne	6 months	<ul style="list-style-type: none"> <li>1%</li> <li>1.5% surcharge for unimproved land</li> </ul>

The French “Tax sur les Logement Vacant” has the longest history having been in place in some priority areas since 1999. It was extended in 2006 and modified in 2013. [Segu and Vignolles’ major study](#) of its impact found that in its first four years of operation, the tax was responsible for a 13% decrease in vacancy rates – with double that for areas with initially high vacancy rates.

A [different academic study of the impact of this tax](#) agrees that it did reduce the number of vacant dwellings, but in decreasing the profitability of investors the study suggested it reduces the stock of dwellings in the long run. However, this study was based on a theoretical equilibrium model, rather than an analysis of the actual rental market – but in both cases, SACOSS suggests some caution in that the French data is dated and the market context might be quite different in Australia.

There is further and more recent evidence of the effectiveness of a vacant property tax from Vancouver, Canada. [Evaluation](#) of that tax shows that between 2018 to 2020 the city raised [\\$231 million in revenue](#) (which was spent on social housing) and that the number of property’s being taxed as vacant dropped from 8,920 in 2018 to 6,556 in 2020 as owners rented, sold or moved into their properties. While there was some media commentary drawing attention to the unintended consequences of these latter measures, especially the displacement of speculative investment into other Canadian markets, [AHURI notes](#) that that these claims originated with a real estate firm specialising in luxury properties, not a comprehensive study of the market impact.

The Australian examples are harder to quantify. When the federal government introduced a vacant property tax on foreign investors in 2017, the move was [welcomed by National Shelter](#) and they suggested that the revenue generated should be used to support the

development of affordable housing. However, SACOSS has not seen any modelling of the market impact of this tax – which in any case is probably only a very small portion of the market. Further, the Victorian government’s vacancy tax in Melbourne was suspended for a year during COVID, so impacts are hard to assess.

Finally, in relation to the general policy concerns raised with SACOSS by the Member for Flinders, Mr Telfer, about the impact of AirBnB on rental availability and the need to avoid pushing landlords into the short-term rental market, we note that the Victorian vacancy tax (and other examples overseas) are designed to capture short-term rental properties. In that case, the tax provides no incentive for landlords to put empty properties into short-term rental (which would not add to housing supply) and in fact provides a disincentive for landlords to move their properties from long term rentals to the short-term market.

Overall, SACOSS believes that there is enough evidence to suggest that vacant properties can make some contribution to bringing more rental properties on to the market, and also potentially raise some funds for other affordable housing initiatives. We do not, and nor do any of the studies we have looked at, suggest that such a tax would solve the housing crisis, but it should form part of a suite of government responses to the crisis in rental availability and affordability. Indeed, in relation to the approach around empty housing outlined in evidence by Dr Clark, we believe that a vacant property tax would provide an ideal “stick” to go along with the “carrot” of the educative and supportive approach advocated by Shelter SA.

I hope this additional information is of use to the Committee.

Thank you for your attention to this matter.

Yours,

A handwritten signature in black ink, appearing to read 'G. Ogle', with a stylized, cursive script.

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