



## **AFFORDABLE HOUSING ACTION PLAN**

### **ACT LAND RENT SCHEME 1. FREQUENTLY ASKED QUESTIONS - LAND**

#### **What is the ACT Land Rent Scheme?**

Under the land rent scheme, lessees are able to lease land at a reduced price by paying land rent to the ACT Government. Lessees will not be required to borrow for capital payment on the Crown Lease, and will only need to fund the purchase or construction of a home on the land rent block. The scheme is expected to be used as a means for some people to advance their entry into homeownership. Land rent is not a 'rent to buy' scheme.

#### **What land is available for land rent?**

Any new block of land released by the ACT Land Development Agency (LDA) will be available for land rent. This includes land available under the Own Place initiative. There is no quota on the number of blocks available. For further details on the land available for rent, contact the Land Development Agency.

#### **Can I rent land in Crace, Casey and Forde?**

No. This land is a 'joint venture' and has not been released by the Land Development Agency, and is therefore not available for rent.

#### **What type of property can I build on rented land?**

Only single residential dwellings can be built on land rent blocks. Units or attached dwellings cannot be built on land leased under the scheme. Planning and quality controls applying to land rent blocks will be the same as for land held under traditional crown leases.

For more information contact the Land Development Agency on 6205 0600 or visit [www.lda.act.gov.au](http://www.lda.act.gov.au)

## **ACT LAND RENT SCHEME 2. FREQUENTLY ASKED QUESTIONS - PAYMENT OF RENT**

### **Will I have to pay a deposit to enter the land rent scheme?**

If you are only leasing one land rent block, you will not be required to pay a deposit prior to entering the land rent scheme. However, if you intend to lease more than one land rent block, a non-refundable deposit of \$1,000 is required to be paid to the Land Development Agency.

### **How will my annual land rent be calculated?**

A lessee's annual land rent payment will be calculated as a percentage of the unimproved value of the block of land. There will be two different rates available for land rent.

### **What is the unimproved value of land?**

The unimproved value takes into account the value of the land itself and not the value of any additions to the land – such as the house or garage.

### **What are the different payment rates?**

Two land rent rates will be available:

- a discount rate, calculated at 2 per cent of the unimproved value of land; and
- a standard rate, calculated at 4 per cent of the unimproved value of land.

### **How do I know which rate I am eligible for?**

Any person will be eligible to access the standard land rent rate.

However, strict eligibility criteria will exist around the discount land rent rate. These include income, ownership and residency tests. Further details on these tests are discussed in Frequently Asked Questions Number 3.

### **How will my payments be made?**

People participating in the land rent scheme will be sent quarterly statements for the payment of their land rent. A person may choose whether to pay weekly, fortnightly, monthly or quarterly. The preferred method of payment is through the direct debit system.

### **What type of lease will be issued?**

Under the land rent scheme, lessees will be issued a Land Rent Crown Lease.

### **Will my name be on the title to the land, even though I'm renting?**

Yes. The lessee's name will be on a Land Rent Crown lease giving the lessee title to the land.

### **What rights and privileges do I have under the land rent scheme?**

<p>For more information contact the ACT Revenue Office on 6207 0028 or visit <a href="http://www.revenue.act.gov.au">http://www.revenue.act.gov.au</a></p>
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A lessee under a Land Rent Lease has the same rights and privileges as someone who holds a traditional Crown Lease (that is, as someone purchasing a regular house and land package in Canberra), and people renting the land will be able to undertake all the same activities as those who have purchased a Crown Lease such as building a house or shed, laying grass or pavers, or putting in a pool.

**If I rent the land in my name, can I take out a mortgage together with my spouse or partner?**

Yes. There are no restrictions who can take out a mortgage under the land rent scheme, however, you may like to seek independent legal advice about the effect that this might have.

**What happens if only one person has their name on the lease?**

The person whose name is on the lease (the lessee) is always liable for all charges outstanding on the land.

**What happens if I default on my loan?**

If you believe you are at risk of defaulting on your loan, you should contact your financial institution immediately.

**What happens if I can't make my land rent payments?**

If you cannot meet your land rent payments, you should contact the ACT Revenue Office immediately.

**Are there any professionals I should consult with prior to entering the land rent scheme?**

Prior to entering the land rent scheme, you will be required to attend an information session at the Canberra Institute of Technology (CIT). This session will provide you with further detail on the scheme and allow you to ask questions.

After completing this session, we strongly advise that you consult with a lawyer, accountant and financial advisor for further information, to determine if this scheme is right for your circumstances.

**ACT LAND RENT SCHEME**  
**3. FREQUENTLY ASKED QUESTIONS - ELIGIBILITY FOR THE DISCOUNT RATE**

**What are the Eligibility Criteria for the Discount Rate?**

To be eligible for the discount rate, the lessee must:

- have an annual gross income of \$75,000 or under;
- not own any other property in any State or Territory in Australia; and
- reside in the dwelling on the rented land once it has been built as their primary place of residence.

**Will the \$75,000 income limit increase for dependant children?**

Yes. The \$75,000 income limit will increase by \$3,330 for each dependant child (up to a maximum of five children).

**What is classified as a 'dependant child'?**

The definition of a dependant child can be found under the *Social Security Act 1991 (Cwlth)*.

**What measure of income will be used to determine eligibility?**

The income threshold for the discount rate is total gross income.

**Is eligibility calculated on the household income or the lessee?**

Eligibility for the discount rental rate will be calculated on the total gross income of the lessee(s) only.

**Will the income limit be regularly indexed?**

Yes. The income limit will be indexed to remain in line with current changes in income.

**What happens if my income increases?**

If your income increases during the year while you are on the discount rate, you must inform the ACT Revenue Office at the end of the financial year.

If your income increases above the \$75,000 limit, you will move from the discount rate to the standard rate. The standard rental rate will not commence until 1 October, and any increase will be capped at Average Weekly Earnings (AWE). For example, if your income increases to \$76,000 meaning that you now need to pay the standard land rent rate instead of the discount rate, your land rent payments will be capped at AWE and may only increase by around 5 per cent each year, until you reach the new amount). This is to make sure that you are not burdened with an extreme increase in land rent at any one time

The ACT Revenue Office will send lessees on the discount rate a letter to self assess their income. If your income has exceeded the threshold at this point in time, you must inform the ACT Revenue Office at this time.

For more information contact the ACT Revenue Office on 6207 0028 or visit <a href="http://www.revenue.act.gov.au">http://www.revenue.act.gov.au</a>
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**What happens if I move out of the house after I have become eligible for the discount rate?**

If you move out of the house (on the rented land), you will be required to inform the ACT Revenue Office immediately, as you will no longer be eligible for the discount rate. Your rent will then increase to the standard rate (capped at AWE rate of increase each year).

**What if I purchase another property while I'm still on the discount rate?**

The eligibility criteria for the discount rate indicate that you must not own another property. If you purchase another property, you will no longer be eligible for the discount rate. Your rent will then increase to the standard rate (capped at AWE rate of increase each year).

You must notify the ACT Revenue Office immediately should your circumstances change.

**Will I be able to sublet a room on my property under the discount rate?**

Yes. You will be able to sub let a room on the rented property if at least one lessee also lives in the property at the same time.

**If I'm not a first home buyer, can I access land rent?**

Eligibility for the discount rate states that lessees *must have no current interest in another property*. If a homebuyer does not currently hold property, even though they have done so in the past, they will meet this criteria for the discount rate.

Homebuyers who are not purchasing property for the first time are still able to participate in the land rent scheme at the standard rate.

**Can I rent more than one block of land?**

Yes, on the standard land rent rate you may land rent up to five blocks of land at any one time. If you do hold more than one land rent block, a non-refundable deposit of \$1,000 is payable to the Land Development Agency.

If you would like to own a land rent block and make payments at the discount land rent rate, you may only own one land rent block, and must also meet the other eligibility criteria..

**What if I do not meet the eligibility criteria for the discount rental rate?**

If you do not meet the eligibility criteria for the discount rental rate, you may still participate in the land rent scheme at the standard land rent rate.

**ACT LAND RENT SCHEME**  
**4. FREQUENTLY ASKED QUESTIONS - GRANTS, DUTY AND RATES**

**Can I access the First Home Owners Grant under the land rent scheme?**

People participating in the land rent scheme will be able to access the First Home Owner Grant, as long as they satisfy the eligibility requirements. For further details on eligibility criteria for the First Home Owner Grant, contact the ACT Revenue Office, or visit the website at <http://www.revenue.act.gov.au>.

**Will I have to pay stamp duty under the land rent scheme?**

People participating in the land rent scheme will be required to pay duty once, at the point of entering the scheme. If, at a later point, you decide to purchase the land, you will not be required to pay additional duty.

**Will I have to pay stamp duty if I decide to buy the land?**

No. Duty will not be payable if you have already elected to pay duty when you commenced renting the land. However, duty will be payable if you have previously deferred the payment.

**How much stamp duty will I have to pay?**

The amount of duty payable is dependant on the unimproved value of land. For further information on the duty required, contact either the ACT Revenue Office, or visit the website at: <http://www.revenue.act.gov.au>.

**When is stamp duty payable?**

The payment of duty is due in 90 days. However, you may be eligible to defer payment of duty under the Home Buyer Concession Scheme.

**Are there any concessions on stamp duty that I can access?**

Yes. The Home Buyer Concession Scheme is a scheme to assist people in purchasing a residential home or residential vacant land by charging duty at a concessional rate. To be eligible for this scheme, the applicant must satisfy income, residency and ownership tests. For further details on these eligibility criteria, contact the ACT Revenue Office.

## **ACT LAND RENT SCHEME**

### **5. FREQUENTLY ASKED QUESTIONS - BUILDING A HOUSE**

#### **When do I have to build the house under the Land Rent Scheme?**

You will be required to commence building the dwelling on your block with one year, and you must complete construction of the dwelling within two years.

#### **Do I have to pay land rent while I'm building a house?**

Yes. You will be required to pay land rent on the land, once the lease has been issued.

#### **Are there any requirements as to the type of house I can build on the land?**

Housing type, design and size on all blocks in the ACT is guided by the Territory Plan. You should contact the ACT Planning and Land Authority (ACTPLA) for further details on the type of house that you can build. Alternatively, your builder or architect will be able to provide you with this advice.

#### **How do I find a builder?**

You may wish to contact the following organisations for further information about building, home design, compliance, building contracts and other associated information:

- Housing Industry Association;
- Master Builders Association of the ACT; or
- Australian Institute of Architects.

#### **How can I check if my builder is licensed?**

When a licensed corporation, partnership or individual advertises their construction service, they need to include in the advertisement their name as recorded on their licence, their licence number, and for a corporation its ABN or ACN number. You should check this ABN or ACN number with the relevant authorities.

To find out whether your builder is licensed, contact the ACT Planning and Land Authority.

#### **Are there any penalties if I decide to swap from a land rent lease to a traditional Crown lease prior to construction of the house?**

No.

#### **Who should I contact for further information on planning requirements?**

For further information on planning requirements or contractual issues contact the ACT Planning and Land Authority.

For more information contact the ACT Planning and Land Authority on 620 71923 or <a href="http://www.actpla.act.gov.au">www.actpla.act.gov.au</a>
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## **ACT LAND RENT SCHEME 6. FREQUENTLY ASKED QUESTIONS - OWN PLACE**

### **What is Own Place?**

The Own Place program provides affordable house and land packages under \$300,000, for sale in new Land Development Agency (LDA) estates.

As part of the LDA's commitment to delivering integrated communities, at least 15 per cent of blocks in new estates will be sold as affordable house and land packages.

### **Can I rent the land under the Own Place program?**

Yes. Blocks that allow for detached dwellings to be built on will be available for land rent.

### **Do I qualify for Own Place?**

The sale of Own Place house and land packages is restricted to those people who meet the eligibility criteria of the Home Buyer Concession Scheme.

In summary, blocks are restricted to those people:

- with an income of up to \$120,000 (additional allowance for dependant children);
- who do not currently hold, or have not held, any interest in property for the previous two years anywhere in Australia; and
- who are 18 years or over.

### **How do I buy an Own Place home?**

Homes can only be purchased directly from one of LDA's participating Own Place builders. For more information on Own Place visit the LDA website at [www.lda.act.gov.au](http://www.lda.act.gov.au).

<p>For more information contact the Land Development Agency on 6205 0600 or visit <a href="http://www.lda.act.gov.au">www.lda.act.gov.au</a></p>
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**ACT LAND RENT SCHEME**  
**7. FREQUENTLY ASKED QUESTIONS - SELLING THE HOUSE OR**  
**PURCHASING THE LAND**

**When can I purchase the land from the Government?**

People participating in the land rent scheme may choose to pay out the lease (purchase their block of land) at any point in time. Lessees must lodge an application to the ACT Planning and Land Authority to pay out the land rent commitment from the Crown lease.

**What price will I pay to purchase the land from the Government?**

The price paid for the land will be the current market value at the time the application to purchase the land is lodged with the ACT Planning and Land Authority. For all intents and purposes this can be considered to be the unimproved value of the land. Once the land rent amount has reduced to a nominal amount, the land rent lease will be converted to a traditional Crown lease.

A lessee's land rental payments paid over the life of the scheme will not be deducted from the final purchase price.

**Do I ever have to purchase the land?**

Lessees may continue to participate in the land rent scheme for as long as suits their personal circumstances. There is no requirement to purchase the land.

**If I decide to buy the land, can I pay it off in instalments?**

No, you cannot choose to pay off the land in instalments. If you choose to purchase the land from the Government, you will be required to pay the value of the land in full. Therefore, you may decide to save up for the full market price of the land, or take out a mortgage with a financial institution.