

Kilkelly, Emma

From: Goth, Kathy
Sent: Thursday, 26 September 2013 5:48 PM
To: Kilkelly, Emma; Fomer, Julia
Cc: Mehrton, Andrew; McKeveatt, Anne; Bogiatzis, Maria
Subject: Land Rent changes for website
Attachments: Land Rent changes for website.doc

Hi All

This attachment includes all of the changes required on the website - the last part is the Frequently Asked Questions (which weren't on the previous email as i didn't realise they were additional).

A few key changes that I would appreciate your feedback on are:

- I refer to the "old scheme" and "new scheme"
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- I have removed reference to the discounted rate unless it specifically refers to the old scheme.
- I have changed references to land exchanged before 1 October to **land exchanged with LDA** before 1 October as many people will be purchasing land rent blocks off a builder. If we get the Coombs brief agreed to we can list the suburbs where the olds scheme applies which will make it a lot easier to explain.
- Security payment is now just \$2,000 (as it's paid at time of exchange with LDA)
- Under the new scheme if you move out or purchase another property you must contact the revenue office immediately and you will be asked to transition out of the scheme (Emma do you have some approved words?).

I'll be out of the office tomorrow but Andrew will be here and i'm contactable on the mobile **Exempt s41** If we can get your input by lunchtime then our team will update the website for Saturday (assume this is OK as no contracts able to be entered into before Tuesday 1 October).

Thanks

Kathy

Land Rent

The land rent scheme lets a person lease the land rent block of land on an ongoing basis by paying a percentage of the value of the land. This reduces the entry costs and mortgage payments for homeowners.

A person can also choose to purchase the land outright from the Government at a later date.

The benefit of the scheme is to enable people to buy a home sooner by reducing borrowing costs from banks, allowing people to save to buy the land outright in the future while paying land rent.

From 1 October 2013 land rent on blocks sold by the LDA is only available to people who meet the eligibility criteria. Land rent leases on blocks sold before 1 October 2013 will continue to be available for transfer to anyone..

Changes to scheme

As of 1 October 2013, entry to the Land Rent Scheme for new applicants will be limited to applicants that meet eligibility requirements. People already in the scheme will continue to be able to access it in the same way.

Useful Information

- [Land Rent: Am I eligible?](#)
- [Land rent availability](#)
- [Applying for land rent](#)
- [Purchasing a land rent block](#)
- [Paying your land rent](#)
- [Land rent security payment](#)
- [Available finance](#)
- [CIT information sessions](#)

Important Links

- [Land rent frequently asked questions](#)
- [Land Rent Act](#)

For enquiries: Contact Us

Land Rent Eligibility

The following questions will help you determine if you are eligible for the Land Rent scheme. Note that the income eligibility criteria will change from 1 July 2014.

Question 1: What is your annual total income?

To be eligible for land rent, the total gross income test must be satisfied. The combined total gross income of all applicants and their domestic partner/s over the 1 year period prior to the date of the **settlement** must be less than or equal to the relevant total gross income threshold as follows:

Number of dependent children	Total gross income threshold
0	\$160,000
1	\$163,330
2	\$166,660
3	\$169,990
4	\$173,320
5 or more	\$176,650

If your answer is NO, you MAY be eligible for land rent. Go to question 2.

If your answer is YES, you are NOT eligible for land rent.

Question 2: Do you already own a property?

If your answer is NO, you MAY be eligible for land rent. Go to question 3.

If your answer is YES, you are NOT eligible for land rent.

Question 3: Do you intend to rent out this property or reside in another property as your primary place of residence?

If NO, and you have answered NO to all three questions, you will be eligible to access the land rent scheme.

If YES, you are not eligible for land rent.

Land Rent Availability

Only new land released by the Land Development Agency to the public is available to rent. The scheme is only available for single residential house blocks and not dual occupancy housing or units.

Land rent is also available on house and land packages offered on land already subject to a land rent lease. These are advertised in the usual real estate listings.

From 1 October 2013 land rent on blocks sold by the LDA is only available to people who meet the eligibility criteria. Land rent leases on blocks sold before 1 October 2013 will continue to be available for transfer to anyone.

Applying for Land Rent

Before applying for land rent, you will need to:

1. attend a CIT information session
2. submit your Acknowledging Attendance statement to the Land Development Agency.➔

You can select your land rent block before or after attending the course by:

- contacting the LDA to find out what blocks are available, and
- completing a land rent application form when you apply to take part in the sales event.

Once your application for land rent has been approved, you will be required to exchange contracts for your land rent block as required by the sales event you are participating in.

You will also be required to pay a non-refundable security payment to the LDA. The security payment is \$2,000.

When ACTPLA grants your land rent lease, the standard rate of land rent will be payable

For land that was exchanged before 1 October 2013, the standard rate is 4 per cent of the unimproved value unless you apply for, and are assessed as eligible, for the discount rate which is 2 per cent.

The land rent rate for land exchanged after 1 October 2013 is 2 per cent.

To apply for the discount rate (only applicable to land exchanged with LDA before 1 October 2013), you will need to:

- complete an 'Application for Discount - Land Rent'➔ form which is available from the CIT course presenter or the ACT Revenue Office, and

- submit your application together with the required supporting documentation, **in person** to the ACT Revenue Office.⁷

If you are approved as eligible for the discount rate of land rent, that rate will apply from the date of the grant of the land rent lease.

Purchasing a Land Rent Block

Frequently Asked Questions

When can I purchase the land from the Government?

You can choose to pay out the lease (purchase your block of land) at any point in time. You must lodge an application and pay a fee to the ACT Planning and Land Authority (ACTPLA) to pay out the land rent commitment from the Crown lease. The 2013-14 land rent payout fee is \$1,864.70.

For contracts exchanged with the LDA on or after 1 October 2013, you must continue to be eligible for the land rent scheme to remain in it. If your circumstances change and you cease to be eligible for two consecutive years, you will be asked to transition out of the land rent scheme

Will my land rent payments offset the cost of purchase?

No. The land rent already paid will not be considered as payments towards the purchase of land. This is not a rent to buy scheme.

If I decide to purchase my Land Rent block in the future, what do I do?

If you exchanged with the LDA before 1 October 2013, you may continue to participate in the land rent scheme for as long as it suits your personal circumstances. However, you can choose to purchase the land from the Government at any time.

You must make an application and pay a fee to ACTPLA if you wish to purchase the land. A statement from the ACT Revenue Office that rental payments and rates are up to date will need to be included with this application.

You can choose to pay either the **unimproved value** of the lease (as shown on your latest rates notice), or the **current market value** for the lease if you decide to purchase the land.

If you elect to pay the current market value, you will need to arrange for a valuation of the land by a registered valuer, at your own cost. The Authority will also arrange an independent valuation of the land (taking the application into account), and will make a determination of the amount that must be paid. **You will be bound by this decision as to the final amount payable for the lease.**

Can I pay the land off in installments?

No, you cannot choose to pay off the land in installments.

Do I ever have to purchase the land?

For blocks exchanged with the LDA before 1 October 2013 you may continue to participate in the land rent scheme for as long as it suits your personal circumstances. There is no requirement to purchase the land.

For blocks exchanged with the LDA after 1 October 2013 you must purchase the land if you cease to be eligible for land rent for two consecutive years.

Can I sell my house if I am participating in the land rent scheme?

Yes. For contracts on blocks entered into with the LDA before 1 October 2013, the new owner may continue with the land rent arrangement, or alternatively the new owner can choose to purchase the land from the ACT Government.

For contracts on blocks exchanged with the LDA on or after 1 October 2013, the new owner must meet eligibility criteria to be able to transfer the land rent lease.

Paying your Land Rent

Under the land rent scheme, households rent the land from the ACT Government.

They are required to:

- pay the Government rent, calculated on the unimproved value of the block of land, and
- construct a house on the rented land within two years of the lease being granted.

Frequently asked questions

How will my annual land rent be calculated?

Your annual land rent amount is calculated as a percentage of the unimproved value of the block of land. Under the old scheme there are two different rates available for land rent:

- a standard rate, calculated at 4% of the unimproved value of land, and
- a discounted rate, calculated at 2% of the unimproved value of land.

Example of how land rent is calculated:

Annual land rent payable on a block with an unimproved value of \$220,000

- **Standard Rate** - $\$220,000 \times 4\% = \$8,800$ per annum (around \$170 per week).
- **Discounted Rate** - $\$220,000 \times 2\% = \$4,400$ per annum (around \$85 per week).

Note: the repayments on the mortgage associated with the house will be in addition to the land rent payments.

Under the new scheme which applies to contracts exchanged with the LDA on or after 1 October 2013 the rate is 2% of the unimproved value of land.

Am I eligible for the discounted rate under the old scheme?

Only people who satisfy strict eligibility criteria below will be able to access the **discounted** rate under the old scheme.

The eligibility criteria are set out in the *Land Rent Act 2008*.

the total annual income of all lessees must be \$94,500 or under (this limit increases by \$3,330 for each dependent child up to a maximum of \$111,150 for five or more children);

- lessees cannot own any other property in any State or Territory in Australia; and
- at least one of the lessees must reside in the property once a home has been built and a Certificate of Occupancy has been issued.

Please note that the eligibility criteria for the discounted rate under the old scheme will be updated in July each year. For the most up to date information on the criteria, please contact the [ACT Revenue Office](#).

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How much will my rent increase each year?

Rent will increase in line with the increase in land values. However, to protect you from potentially large increases in rent, your annual rental increase will be capped at the growth of ACT Average Weekly Earnings (AWE).

For example:

On a \$220,000 block of land, the rent (at the 2 per cent rate) in the first year would be \$4,400. If the lessee was still eligible for the discounted rate in the next year, the annual rent increase would only rise by around 5% (average growth in AWE). Therefore, the rent due in that year would be around \$4,620.

Will I have to pay duty?

You will be required to pay duty on the value of the land, either at the point of the agreement to grant the land rent lease; or if you are eligible for the Home Buyer

Concession Scheme, duty may be deferred for a period of up to 5 years if the duty payable is \$1,000 or more.

Duty will not be payable a second time if you decide to purchase the land at a later stage, and have already paid duty when you first entered the land rent scheme.

Will I still be able to access the First Home Owner Grant and the Home Buyer Concession Scheme?

You may be able to access the Home Buyer Concession Scheme or First Home Owner Grant if you meet the relevant eligibility criteria. For further details you should visit the [ACT Revenue Office](#) website.

Will I still have to pay rates on rented land?

Yes. You will be liable for rates and other taxes and fees that relate to the land being rented.

What if I can't pay the land rent when it is due?

You should contact the [ACT Revenue Office](#) immediately to discuss the situation and try to work on an alternative plan of payment.

Land Rent Security Payment

The ACT Government introduced a security payment for land rent blocks to discourage land speculation and make sure that land sold by the LDA in new releases goes to those people who are genuinely interested in building a home.

The payment helps to ensure that people accessing land under the land rent scheme are fully committed to building on their block and are aware of the financial implications associated with building a new home.

Land Rent Security Payment Frequently Asked Questions

Do I need to make a payment upfront to enter the land rent scheme?

Yes. The Government introduced a land rent security payment on 18 February 2013.

Under the old scheme, the amount of the security payment was \$10,000 for standard land rent lessees, and \$2,000 for lessees eligible for discounted land rent rate. In the new scheme it is \$2,000.

The security payment is not a deposit but security against the costs that are associated with holding and re-selling the block if the purchaser does not proceed with the contract.

Upon settlement, the security amount will be transferred to the ACT Revenue Office and credited against future land rent payable.

Why has the Government introduced a land rent security payment?

The security payment has been introduced to discourage land speculation and make sure that land sold by the LDA goes to those people who are genuinely interested in building a home.

The security payment will assist in ensuring that people accessing land under the land rent scheme are committed to building on their block and are aware of the financial implications associated with building a new home.

When will the security payment come into effect?

The land rent security payment too effect on 18 February 2013 **Is the security payment a deposit?**

No. The security payment protects the LDA in the event that a person enters into a contract for the purchase of land and, in breach of the contract, refuses to complete the purchase. The security payment will be retained by the LDA to offset the costs of holding and re-selling the land.

What happens if I change my mind?

The security payment is non-refundable if you have entered a contract to buy the land and later change your mind..

Should you terminate the contract without good reason, the security payment will be retained in full by the Territory and used to cover the costs of holding and re-selling the land.

How much is the security payment?

Under the old land rent scheme, the security payment was \$10,000 per block under a land rent lease. If you were eligible for the discounted rate the LDA would waive 80 per cent of the security payment and you were only required to provide a security payment of \$2,000.

Under the new scheme which applies to contracts exchanged with the LDA on or after 1 October 2013, the security payment is \$2,000.

What happens to the security payment after I settle?

As a condition of sale, you authorise the LDA to apply the security payment to your land rent account for your block. The security payment will count towards the first year of land rent, meaning there will be no additional administrative hurdles or extra costs incurred by genuine purchasers.

What happens to the payment if I later purchase (pay out) my land rent block?

If, after settlement, you purchase (pay out) the land rent block and your land rent account is in credit, the amount in credit will be paid back to you by the ACT Revenue Office after the purchase has been finalised.

What happens to the payment if I transfer my land rent block?

If you transfer the land rent block and your land rent account is in credit, this would normally be taken into account as part of the settlement process, in the same way that rates payments are handled. If the buyer and seller do not make such an arrangement, the ACT Revenue Office can issue a refund if required.

When is the payment due?

The security payment is paid at the time you sign a contract for the block with the LDA.

Can my security payment/land rent credit be considered as security/collateral when applying for a mortgage to build on my land rent block?

This is a matter between you and your lender, however, your lender is unlikely to treat the security payment as security in respect of a mortgage.

Can I choose to have the security payment refunded after settlement rather than transferred to my land rent account with the ACT Revenue Office?

No.

Is a security payment required if I'm purchasing a land rent home off a private owner or as a house and land package?

No, because the lease will have been granted.

The security payment remains with the LDA until the block has settled. It is then transferred to the ACT Revenue Office and credited towards the first year's land rent payment.

You should ensure that any land rent credit is taken into account during negotiations for the purchase.

Available Finance

The following financial institutions are offering finance to approved applicants for the construction of homes on land rent blocks:

- Beyond Bank Australia
For more information, or to apply for a loan please call, 13 25 85 or email:
<http://www.beyondbank.com.au/personal-banking/home-loans/land-rent-scheme.html>
- bankmecu For more information, or to apply for a loan please call (02) 6120 5704
or email: Bankmecu
- Police Bank
For more information, or to apply for a loan please call (02) 6206 7000 or email:
Police Bank

CIT Information Sessions

To make a booking or for further information on the information sessions:

- Email: Canberra Institute of Technology or Phone: (02) 6207 3188 (+61 International)

Land Rent Frequently Asked Questions

- [Land](#)
- [Payment of Rent](#)
- [Eligibility for the Discounted Rate](#)
- [Land Rent Security Payment](#)
- [Grants, Duty and Rates](#)
- [Building a House](#)
- [Selling the House or Purchasing the Land](#)

For more information contact the Land Development Agency on 6205 0600 or visit the [Land Development Agency website](#). ↗

Land

What is the ACT Land Rent Scheme?

The Land Rent Scheme is an ACT Government initiative to increase access to affordable home ownership. The main purpose of the scheme is to reduce the entry costs and mortgage payments for homeowners. The scheme is also expected to be used as a means for people to advance their entry into homeownership, by saving to buy the land outright in the future while paying land rent.

Under the scheme, lessees rent the land from the Government. They are required to pay the Government land rent, calculated on the unimproved value of the block of land. Lessees are then required to construct a house on the land within two years of the lease being granted.

The scheme allows a person to lease the land rent block of land on an ongoing basis or to convert the land rent lease to a traditional Crown lease at a later date, effectively purchasing the land from the Government at that time. 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) to the public will be available for land rent. For further details on the land available for rent, contact the [Land Development Agency](#). ↗

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.

Payment of Rent

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 are the different payment rates?

Two land rent rates are available for contracts entered into before 1 October 2013:

- a discounted 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.

For contracts entered into with the LDA from 1 October 2013, only purchasers who meet the eligibility criteria are able to access land rent. The rate payable under the new scheme is 2 per cent of the unimproved land value..

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.

How do I know which rate I am eligible for?

Under the old scheme, any person is eligible to access the standard land rent rate.

Strict eligibility criteria exist around the discounted land rent rate. These include income, ownership and residency tests. For further details on these tests please contact the [ACT Revenue Office](#).

Purchasers entering contracts with the LDA on or after 1 October 2013 will only be able to access the land rent scheme if they met the eligibility criteria. The rate payable under the new scheme is 2 per cent of the unimproved land value.

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?

A lessee under a Land Rent Lease has the same rights and privileges as someone who holds a traditional Crown Lease. A person leasing a land rent block 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?

There are currently no restrictions on who can apply for a mortgage over the land rent lease. However, you may like to seek advice from your lender about the effect that this might have on your eligibility for finance, as the lender might require that all lessees are also applicants for the mortgage.

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.

Eligibility for the Discounted Rate (old scheme)

What are the Eligibility Criteria for the Discounted Rate?

For land rent contracts on land exchanged with the LDA before 1 October 2013 there is a standard land rent rate and a discounted rate. The eligibility criteria for the discounted rate are set out in the *Land Rent Act 2008*. The current criteria for the discounted rate under the old scheme is

- the total annual income of all lessees must be \$94,500 or under (this limit increases by \$3,330 for each dependent child up to a maximum of \$111,150 for five or more children);
- lessees cannot own any other property in any State or Territory in Australia; and
- at least one of the lessees must reside in the property once a home has been built and a Certificate of Occupancy has been issued.

Please note that the eligibility criteria will be updated in July each year. For the most up to date information on the criteria, please contact the [ACT Revenue Office](#).

Will the income limit for the discounted land rent rate increase for dependent children?

Yes. The income limit will increase by \$3,330 for each dependent child up to a maximum of \$111,150 for five or more children.

What is classified as a 'dependent child'?

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

What measure of income will be used to determine eligibility?

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

The income threshold to be eligible to access land rent under the new scheme is based on household incomes. That is, the combined total gross income of all applicants and their domestic partner/s.

Is eligibility calculated on the household income or the lessee?

Eligibility for the discounted rental rate which is applicable under the old scheme is calculated on the total gross income of the lessee(s). This relates to land where contracts were entered into with the LDA before 1 October 2013.

Under the new scheme, eligibility for land rent is based on household income. That is, the combined total gross income of all applicants and their domestic partner/s.

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 discounted rate, you must inform the ACT Revenue Office.

If your income increases above the threshold for eligibility for the discounted land rent rate, you will move from the discounted 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). This means that your land rent payments 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 discounted rate a letter to self assess their income. If your income has exceeded the threshold, you must inform the ACT Revenue Office at this time.

What happens if I move out of the house after I have become eligible for the discounted 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 discounted rate. Your rent will then increase to the standard rate (capped at the AWE rate of increase each year).

Under the new scheme, if you move out of the house on the land rent block you are required to inform the ACT Revenue Office immediately. You will no longer be eligible for land rent and will be asked to transition out of the scheme.

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

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

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

Under the new scheme, if you purchase another property you are required to inform the ACT Revenue Office immediately. You will no longer be eligible for land rent and will be asked to transition out of the scheme.

Will I be able to sub-let a room on my property under the discounted 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 discounted rate under the old scheme 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 criterion for the discounted rate.

Homebuyers who already own property are still able to participate in the old land rent scheme at the standard rate. This applies to contracts entered into with the LDA before 1 October 2013.

In order to be eligible for land rent under the new scheme 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 criterion.

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

If you do not meet the eligibility criteria for the discounted rental rate, you may still participate in the land rent scheme at the standard land rent rate of 4 per cent under the current scheme. This applies to contracts entered into with the LDA before 1 October 2013.

Land Rent Security Payment

Do I need to make a payment upfront to enter the land rent scheme?

Yes. As of 18 February 2013 a land rent security payment will be required in respect of all land rent blocks.

From 1 October 2013, the amount of the security payment is \$2,000 for people eligible for land rent.

The security payment is not a deposit but security against the costs that are associated with holding and re-selling the block if the purchaser does not proceed with the contract.

Upon settlement, the security amount will be transferred to the ACT Revenue Office and credited against future land rent payable.

Why has the Government introduced a land rent security payment?

The security payment has been introduced to discourage land speculation and make sure that land sold by the LDA goes to those people who are genuinely interested in building a home.

The security payment will assist in ensuring that people accessing land under the land rent scheme are committed to building on their block and are aware of the financial implications associated with building a new home.

Is the security payment a deposit?

No. The security payment protects the LDA in the event that a person enters into a contract for the purchase of land and, in breach of the contract, refuses to complete the purchase. The security payment will be retained by the LDA to offset the costs of holding and re-selling the land.

What happens if I change my mind?

The security payment is non refundable if you have entered a contract to buy the land and later change your mind.

Should you terminate the contract without reason, the security payment will be retained in full by the Territory and used to cover the costs of holding and re-selling the land.

How much is the security payment?

From 1 October 2013 the security payment is \$2,000.

Am I eligible for the discounted rate under the old scheme?

Only people who satisfy strict eligibility criteria below will be able to access the **discounted** rate under the old scheme.

The eligibility criteria are set out in the *Land Rent Act 2008*.

- the total annual income of all lessees must be \$94,500 or under (this limit increases by \$3,330 for each dependent child up to a maximum of \$111,150 for five or more children);
- lessees cannot own any other property in any State or Territory in Australia; and
- at least one of the lessees must reside in the property once a home has been built and a Certificate of Occupancy has been issued.

Please note that the eligibility criteria for the discounted rate under the old scheme will be updated in July each year. For the most up to date information on the criteria, please contact the [ACT Revenue Office](#).

What happens to the security payment after I settle?

As a condition of sale, you authorise the LDA to apply the security payment to your land rent account for your block. The security payment will count towards the first year of land rent, meaning there will be no additional administrative hurdles or extra costs incurred by genuine purchasers.

What happens to the security payment if I later purchase (pay out) my land rent block?

If, after settlement, you purchase (pay out) the land rent block and your land rent account is in credit, the amount in credit will be paid back to you by the ACT Revenue Office after the purchase has been finalised.

What happens to the security payment if I transfer my land rent block?

If you transfer the land rent block and your land rent account is in credit, this would normally be taken into account as part of the settlement process, in the same way that rates payments are handled. If the buyer and seller do not make such an arrangement, the ACT Revenue Office can issue a refund if required.

When is the security payment due?

The security payment is paid at the time you sign a contract for the block with the LDA.

Can my security payment/land rent credit be considered as security/collateral when applying for a mortgage to build on my land rent block?

This is a matter between you and your lender, however, your lender is unlikely to treat the security payment as security in respect of a mortgage.

Can I choose to have the security payment refunded after settlement rather than transferred to my land rent account with the ACT Revenue Office?

No.

Is a security payment required if I'm purchasing a land rent home off a private owner or as a house and land package?

No, because the lease will have been granted.

The security payment remains with the LDA until the block has settled. It is then transferred to the ACT Revenue Office and credited towards the first year's land rent payment.

You should ensure that any land rent credit is taken into account during negotiations for the purchase.

Grants, Duty and Rates

Can I access the First Home Owner 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](#).➤

Will I have to pay 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 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 duty will I have to pay?

The amount of duty payable is dependent on the unimproved value of land. For further information on the duty required, contact the [ACT Revenue Office](#).➤

When is duty payable?

The payment of duty is due within 90 days of exchange of contracts, unless you are eligible to defer payment of duty. For eligibility for duty deferral and other home buyer assistance, please contact the [ACT Revenue Office](#).➤

Are there any concessions on 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](#).➤

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 within 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 granted.

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

Housing type, design, and size of new homes 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 or architect?

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](#)↗
- [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](#).

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 land rent lease (purchase their block of land) at any point in time. Lessees must lodge an application and pay a fee to the ACT Planning and Land Authority to pay out the land rent commitment from the Crown lease. The 2013-14 land rent payout fee is \$1,864.70.

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

Land rent lessees can choose to pay either the **unimproved value of the lease** (as noted on the latest rates notice), or the **current market value** for the lease if they decide to purchase the land.

Households must make an application and pay a fee to the ACT Planning and Land Authority if they wish to purchase the land. A statement from the ACT Revenue Office that land rent payments and rates are up to date will need to be included with this application.

If a lessee elects to arrange for a valuation of the land by a registered valuer at their own cost, the Authority will also arrange an independent valuation of the land (taking the application into account) and make a determination of the amount that must be paid. **A lessee will be bound by this decision as to the final amount payable for the lease.**

A lessee's land rent payments paid over the life of the scheme will not be deducted from the final purchase price. This is not a rent-to-buy scheme.

Do I ever have to purchase the land?

For blocks exchanged with the LDA before 1 October 2013 you may continue to participate in the land rent scheme for as long as it suits your personal circumstances. There is no requirement to purchase the land.

For blocks exchanged with the LDA after 1 October 2013 you must purchase the land if you cease to be eligible for land rent for two consecutive years.

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

No, you cannot choose to pay off the land in installments.

For more information contact the Land Development Agency on 6205 0600 or visit the [Land Development Agency website](#). ↗

Kilkelly, Emma

From: Redden, Sarah
Sent: Friday, 27 September 2013 1:08 PM
To: Kilkelly, Emma
Cc: Monger, Brett
Subject: RE: Land Rent changes for website
Attachments: EDD Land Rent changes for website.doc

Hi Emma,

Please find attached some further suggested thoughts on the content. There may be issues referring to an 'old' and 'new' scheme, as people using the website can view individual information pages; without proper context and understanding, referring to an 'old' and 'new' scheme may not make sense.

Also clarified the criteria around applicant removal from the scheme. While it is two consecutive years for the income breach, this is not the same for the ownership or residency test (see new section 16AA from the Bill).

Thanks for the opportunity to comment.

Kind regards,

Sarah Redden

A/g Assistant Manager | Policy, Legislation and Objections
Revenue Management Division | Directorate of Commerce and Works | ACT Government
Email: sarah.redden@act.gov.au | Ph: (02) 6205 5419

www.revenue.act.gov.au
PO Box 293, Civic Square ACT 2608

Please consider the environment before printing this email - or if printing is necessary, please print double-sided.

From: Kilkelly, Emma
Sent: Friday, 27 September 2013 10:37 AM
To: Monger, Brett; Redden, Sarah
Subject: Land Rent changes for website

Brett, Sarah,

EDD sent me the words on their website for the land rent scheme for comment. I have made some changes, but would appreciate your views on any other changes required.

Cheers, Emma.