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Property Tax and Assessment News from Around the World

AUSTRALIA – April 2022

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AS TASMANIAN COUNCILS END COVID FREEZE ON RATE RISES, HOUSEHOLDS BRACE FOR THE PINCH

Key points:

- Like councils across Tasmania, Launceston froze its rates in the 2020-21 financial year — but now they are going up
- The Tasmanian Council of Social Services is urging councils to balance their need to raise rates against cost-of-living pressures
- The Small Business Council said they had made recommendations to the regulator to bring down costs for consumers

Keeping up with the day-to-day costs of living is a struggle for childcare worker Nicole Scott and her three children.

The Ravenswood resident is fearful about her job security and how she will stay afloat financially if she loses work hours.

"I struggle from day-to-day as it is now to do hydro, house payments, rates and taxes, everything," she said.

Ms Scott is likely to face higher living costs in the coming months after Launceston council approved its proposed annual plan at its meeting on Thursday, including a 3.75 per cent rise to residential rates.

"With this increase, it's going to affect me really bad," she said.

"Everything is so tight, I try to make as many adjustments as I can, it's just so hard."

Like councils across Tasmania, Launceston froze its rates in the 2020-21 financial year as the COVID-19 pandemic hit the state.

It resulted in lost revenue in excess of $2.2 million.

Local Government Association president Christina Holmdahl said it was now a challenging time for councils as they tried to catch up.

"All of the factors that are considered when a budget is set, they've all gone up, especially materials for council infrastructure," she said.

"I think it's going to be difficult for councils to keep their rate rises low, but I'm pretty confident most councils will keep their rises to the minimum they can.

"For the foreseeable future, everybody's really pulling the belt in and trying to do the best they can with the income that they have."

Ms Holmdahl, who is also the Tamar Valley Mayor, said councils offered a range of support to people struggling to pay bills.

"We can help our ratepayers in terms of paying their rates, and I think that we've always been a council that's pretty understanding when our ratepayers do have issues and we try to support them as best we can," she said.

Tasmanians under 'extreme cost of living pressures'

Last year, the Tasmanian Council of Social Services (TasCOSS) urged councils to balance their need to raise rates against the cost of living pressures faced by Tasmanian households.

CEO Adrienne Picone said the need to keep costs down for residents was even greater now as people struggled to afford the basics.

"Tasmanians are under extreme cost-of-living pressures right now," Ms Picone said.

"We've seen [price] increases in housing, in food, in transport, in health over the last couple of years and people are under real stress, so any increase in rates really needs to take into consideration cost-of-living pressure."

TasCOSS has also joined the Council on the Ageing and the Tasmanian Small Business Council to push for lower electricity prices for consumers and small businesses.

The organisations have made submissions to the Office of the Tasmanian Economic Regulator's price investigation process, which is determining the maximum prices Aurora Energy can charge residential customers and small business customers for electricity over the next three financial years.

"We're hearing more and more from Tasmanians that they're making insidious decisions about whether they heat their home, whether they eat fresh fruit and vegetables, or go to the doctor," Ms Picone said.

"We don't want to place more pressure on Tasmanian households.

"The regulator has a prime opportunity to deliver more affordable and competitively priced electricity that will support households to maintain healthy homes, a decent standard of living, and [help] small business to thrive."

Small Business Council chief Robert Mallett said they had made recommendations to the regulator to bring down costs for consumers, including a lower retail margin for Aurora Energy.

"There is room for improvement across the board, to approximately $78 to $90 per customer right throughout Tasmania, and added up across 275,000 accounts, that's a lot of money," he said.

In Ravenswood, Ms Scott does what she can to try to reduce her bills.

"Turning power points off when they're not being used, electricity… only having it on when you really have to, putting extra curtains up (to insulate), putting blankets on and extra clothing for heat so I can stay warm," she said.

"It only helps to a certain degree."

The regulator is due to release its final report and determination in a week.

QLD GOVT WON'T ORDER NEW LAND VALUATIONS

The Queensland government has defended an unexpected hike in land values in flood-hit areas, saying valuations take in data from previous flood events.

The Queensland government will not order new land valuations in areas devastated by recent floods after the regulator hiked values by 20 per cent in some areas.

The Valuer-General on Thursday raised land values in 30 local government areas, including flood-hit Brisbane, Ipswich, Logan, the Gold Coast, Moreton Bay, the Sunshine Coast, Noosa, the Lockyer Valley, Scenic Rim, Somerset, Gympie and the North and South Burnett.

Valuations, which were determined last October, rose up to 20 per cent in parts of Brisbane, where thousands of homes were impacted by the February-March floods.

Resources Minister Scott Stewart is urging those affected to appeal land valuations, especially if they were hit for the first time during the February floods.

Mr Stewart says he has spoken to the Valuer-General who will consider appeals beyond the usual 60-day period, as well as taking an "empathetic approach".

Brisbane Lord Mayor Adrian Schrinner says the state government should freeze valuation changes like the Bligh Labor government did during the 2011 floods and reassess them.

But Mr Stewart said the values were determined independently and take in data from previous floods.

He earlier sidestepped questions about intervening, saying local governments had the power to decide whether or not to subsequently hike council rates.

"It's really up to them to make those determinations and if they have any compassion, this is their opportunity to be able to freeze or give those discounts to those flood affected victims," Mr Stewart told ABC Radio on Friday.

The minister said most people wanted to see the value of land they've invested in appreciate over time, however, people did have the opportunity to object to their valuations.

"There is the ability for objections particularly for those properties where there have been adverse effects of their property," he said.

"For example, if parts of the property have been washed away by creeks or the floods, they can actually apply for an adjustment there."

Mayor Schrinner said the government should make the Valuer-General go back to the drawing board.

Queensland's most intense rain event on record impacted 23,000 homes in Brisbane and residents deserved new valuations, he said.

"The right thing to do is to simply withdraw all the valuations taken last year and start again."

Meanwhile, the state's peak farming body AgForce urged landholders to object or risk being lumped with higher rates or rent.

New valuations have also been released for Boulia, Burke, Cairns, Carpentaria, Cassowary Coast, Croydon, Douglas, Etheridge, Fraser Coast, Goondiwindi, Livingstone, Mareeba, Redland, Rockhampton, Toowoomba, and Townsville.

Valuations soared 350 per cent in Boulia, 328 per cent in Burke, 335 per cent in Carpentaria, 222 per cent in Croydon and 192 per cent in Etheridge.

AgForce valuer John Moore said it was up to landholders to ensure correct values and his group was ready to help members object.

"Unimproved values are done by mass appraisal, meaning your property isn't individually valued so errors can occur," Mr Moore said.

"It's important you object to your new valuation if you believe the unimproved value is too high, because it could result in large savings in rates or rent."

PROPERTY BOOM OVER IN SYDNEY AND MELBOURNE — BUT PRICES STILL RISING ELSEWHERE

The housing boom in Sydney and Melbourne seems to be over, with house prices in both cities falling last month, despite a national uptick in the monthly growth rate.

Key points:

- National home values rose 0.7 per cent in March, according to CoreLogic
- Brisbane (+2pc), Adelaide (+1.9pc) and regional (+1.7pc) had the biggest rises
- Prices in Sydney (-0.2pc) and Melbourne (-0.1pc) fell, lagging well behind other capital cities

Australian home prices rose an average of 0.7 per cent in March, with the middle-priced dwelling valued at $738,975.

However, prices in Sydney and Melbourne fell by 0.2 per cent and 0.1 per cent respectively, and their growth rates in the March quarter were lagging well behind other capital cities.

"It does look like the boom is over in both of those cities," CoreLogic's research director, Tim Lawless, told the ABC.

"In fact, we are now seeing those markets either right at the top of their cycle and about to start to move into a consistent downturn, or potentially already moving into a downturn.

"We are seeing less demand in the market but, of course, there [are] other factors around rising interest rates. Affordability is still very challenging in both of those cities as well."

Index results as at 31 March, 2022

	Change in dwelling values				
	Month	Quarter	Annual	Total return	Median value
Sydney	-0.2%	0.3%	17.7%	20.2%	$1,116,889
Melbourne	-0.1%	0.1%	9.8%	12.7%	$805,232
Brisbane	2.0%	6.4%	29.3%	33.7%	$749,293
Adelaide	1.9%	5.7%	26.3%	30.7%	$602,717
Perth	1.0%	1.9%	7.0%	11.6%	$542,338
Hobart	0.3%	2.7%	22.3%	27.3%	$731,849
Darwin	0.8%	1.7%	10.6%	17.7%	$494,635
Canberra	1.0%	3.1%	21.6%	26.3%	$932,704
Combined capitals	0.3%	1.5%	16.3%	19.2%	$818,307
Combined regional	1.7%	5.1%	24.5%	29.3%	$577,987
National	0.7%	2.4%	18.2%	21.3%	$738,975

CoreLogic home value index March 2022

In February, Sydney — where housing prices were the most unaffordable — posted its first fall in 17 months.

Property is still more expensive than ever

Although property markets such as Sydney and Melbourne may now be starting to cool, the pandemic boom has left ownership more inaccessible than ever for many prospective first home buyers.

Shae Soden is one of the lucky young Australians with a sizeable deposit saved.

The 26-year-old has been saving without any assistance throughout the pandemic and is now actively searching for her first house in outer-east Melbourne.

"It's been an emotional roller coaster. Some days, you get very close to a house and the next day it's gone," she told the ABC.

"I'm going up against people [who] are planning to demolish the house or planning to build units on top.

"You always feel like you're six months behind the times. You always feel like you are kind of trying to chase something that you can't actually reach."

Ms Soden said she had mixed feelings about predictions that Melbourne's property market might now enter a downturn over the coming years.

"Am I buying at a peak, and not going to make much money over the next couple of years, if I want to sell it later on?" she wondered.

CoreLogic's Mr Lawless said the annual growth trend would fall sharply over the coming months, as the strong gains recorded in early 2021 drop out of the 12-month calculation.

He noted that the national annual growth rate (18.2pc) had fallen below the 20 per cent mark for the first time since August last year, while national housing turnover was also easing, with preliminary transaction estimates for the March quarter tracking 14.3 per cent lower.

The national slowdown was also backed by a new index from REA.

According to REA's PropTrack Home Price Index, price growth slowed further in March, increasing by just 0.34 per cent, the slowest pace of growth since May 2020.

Regional, smaller capital city markets remain strong

However, there were exceptions to the slowdown and regional Australia continued to show resilience.

Regional property values increased by 5.1 per cent in the March quarter — compared with the 1.5 per cent increase recorded across the combined capital cities — thanks to population growth in the regions.

This week, the Australian Bureau of Statistics (ABS) revealed that the population of regional Australia grew by 70,900 people during 2020-21 — in contrast to a decline of 26,000 for the capital cities — mostly due to a sharp drop in Melbourne and, to a lesser extent, Sydney.

"This is the first time since 1981 that Australia's regional population grew [by] more than the capital cities, due to changing migration patterns during the pandemic," ABS director of demography Beidar Cho said.

Prices in Brisbane and Adelaide also went up by 2 per and 1.9 per cent in March, while Perth and Canberra both gained 1 per cent, showing a multi-speed market emerging across capital cities.

But that has left many young people such as Shaylee Leach out of the home ownership market altogether.

Ms Leach initially investigated buying her first home in Adelaide just before the pandemic hit in early 2020.

Even then, she did not know how she would manage to do it.

"I remember feeling devastated at the time because it seemed strange that I was able to pay rent, which would be higher than the mortgage," she told the ABC. "It just seemed greatly unfair."

Will Australia's housing market be the same in the aftermath of the pandemic?

Now, Adelaide's market is booming, as people moved to the historically more affordable city during the pandemic.

It also has a smaller housing stock, which means a lack of supply can push up prices more easily.

In just 12 months, property prices in the City of Churches have risen by an eye-watering 26 per cent.

That takes the median dwelling price to $600,000.

While that is much cheaper than Sydney and Melbourne, Ms Leach says she feels more behind than ever when it comes to buying a property.

Rising rental markets pose a challenge

The 30-year-old lost her work in the arts and events industry during the pandemic and is now just getting back on her feet financially.

"It feels really surreal and it feels really devastating, but it also just feels really gross," she said.

"Housing is a human right and it's such a basic human need. It shouldn't be treated like a get-rich scheme."

There are more government-guaranteed loans for first home buyers in the federal budget. So what are the pros and cons?

While property prices seem to be levelling off after the steep rises of the past two years, it's a different story for the rental market.

"We're now really starting to see some very strong upwards pressure on unit rents, whereas house rents are starting to flatten off, again, probably due to affordability constraints for renters," Mr Lawless said.

In Adelaide, rents on new leases have gone up 3.8 per cent in the last quarter alone, which is slightly higher than the national average.

"Our rent has been steadily going up and I'm a little bit scared that, maybe, one day, the landlord will just want to turf us out so that they can raise the rent by another $100," Ms Leach said.

"We haven't had any wage growth anywhere near proportionate to what kind of inflation that we're facing. The cost of living at the moment is so expensive."

More assistance for first home buyers who do not have a 20 per cent deposit was announced in this week's budget.

However, experts were mixed about whether this would help those who most need it, as it could also push up prices.

Ms Leach said she wanted wage growth increased and caps put on the number of properties that investors can own.

"I don't think anybody should be allowed own four houses," she said.

RATE INCREASE LIKELY

Livingstone Shire councillors will be looking at all avenues to minimise likely rate increases.

Many of you will have received your latest property valuations by now. For those that have not, they will not be far away.

The Queensland Valuer General's Department re-values land within the State, as and when it deems that property values have changed enough to warrant a revaluation. For councils, the rule is that revaluations will occur every four years as a minimum. More regularly if property markets are volatile or fast moving.

Given the dynamic nature of the property market in Queensland over the past few years, it is hardly surprising that the Valuer General's Department has decided to revalue many areas of the State this year. Livingstone Shire has undergone a revaluation, with some significant increases within various property market sectors.

Some of the largest increases have occurred within the rural sector, with valuations increasing by around 64 percent on average. Properties within the residential category have increased by 30 per cent, with commercial and industrial properties increasing in value by around 15 percent.

Across the board in Livingstone Shire, properties have increased by approximately 30 percent across all categories.

This is good news for those property owners wishing to sell. They will be doing so in a market providing higher sales prices.

However, the news is perhaps not so good for renters who may be displaced because their landlords are cashing-in on buyers choosing to live at the property going forward.

I fielded a lot of questions today on whether the valuation increases will affect rates.

The simple answer is that rates will most likely increase. The question will be by how much.

The Local Government legislation dictates that Council must calculate the rates it charges ratepayers by using the land values derived by the Valuer General's Department. We have no real ability to contest these valuations.

The mechanism that council can use to reduce the impact of land valuations is our ability to adjust the formula used to calculate the rates on each property.

Last year, council was able to keep rates at the same level as the year before. Given the significant increase in land valuations this time around, the ability to adjust the formula to keep rates at the same level as last year is all but removed. The size of the increases in property values will be too great.

This is the challenge for the Livingstone councillors in bringing down the 2022/2023 budget.

Rest assured we understand the community's unwillingness to pay additional rates, so councillors will be looking at all avenues to minimise any increases in your rates. However, the reality is that a rate increase of some magnitude is now highly likely.

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