IPTI Xtracts
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DONALD TRUMP COMPARISON OVER LAND DISPUTE RILES PROPERTY MAGNATE

Wellington property developer Eyal Aharoni's companies have won a court case in part because he was unfavourably compared with Donald Trump, and specifically with the former American president's relationship with the truth.

Eyal Aharoni is a director, and the ultimate beneficial owner, of companies Rongotai Investments and Rongotai Estates, which went to the Land Valuation Tribunal to dispute valuations of land they owned near Wellington airport.

Judge Jeff Smith, leading the three-person tribunal, allowed a lawyer cross-examining Aharoni to suggest the property developer had a "Trumpian" approach to answering questions.

The lawyer, who was not named, said that Aharoni was in fact worse than Trump. The former American president tried to "legitimise falsities" by repeating untruths five times, but the lawyer thought Aharoni was "a bit more than that", according to a High Court judge's recent decision.

At the time, Aharoni objected to the "derogatory" remarks, asking the lawyer if he was "worse than Donald Trump".

According to Companies Office records, Aharoni is the director of 95 registered companies that own numerous properties around Wellington, including the closed Amora Hotel on

Wakefield St and a new office and retail block planned for Molesworth St. He also owns the building that houses Stuff's Wellington office.

His companies Rongotai Investments and Rongotai Estates own properties in the Kingsford Smith St and Tirangi Rd area of Rongotai and are leased by businesses includingBunnings Warehouse and Wellington International Airport.

Some rents are linked to the properties' ratings valuations, and Arahoni's companies contended that the valuations were too low.

The Rongotai companies appealed to the High Court against valuations the tribunal set for the 2007, 2012, 2015 and 2018 years for between two and 25 properties.

The Land Valuation Tribunal hearings between March 2019 and March 2020 were apparently hard-fought..

Aharoni's companies complained to the High Court that the tribunal hearing dealing with the 2012 valuations was unfair for being predetermined and having the appearance of bias.

In reviewing the hearings, Justice Helen Cull agreed the companies had been treated unfairly because of the appearance of bias.

In her decision issued from the High Court in Wellington, she called the lawyer's Trump analogy "unfortunate" and said the judge could have curbed the lawyer's comments, or disallowed the questions.

"The omission to do so leaves an impression that the Tribunal condoned the imputation that Mr Aharoni legitimised false statements, more so than Mr Trump," Justice Cull wrote.

She also agreed that comments from Judge Smith gave the "unfortunate impression" he had a "hostile and adverse attitude" towards Aharoni.

The lawyers for the other parties were all subject to the same kind of treatment from a judge who was said, by a lawyer for four parties that included Wellington International Airport, to have "a very interventionist style".

But Justice Cull said there was a distinct difference to interventions during Aharoni's evidence. "In the space of one hour and fifteen minutes there were at least 20 interventions by the Judge, excluding questions of clarification," she said.

The most concerning part of the hearing was the tribunal's pursuit of an irrelevant issue, Justice Cull said.

In an interim decision, the tribunal criticised Aharoni for making a conditional offer on two other properties in the area, saying it was satisfied he had no intention of going through with the purchases and that his actions had been part of a plan to argue for a higher valuation for land the Rongotai companies owned.

Justice Cull said the tribunal should not have made adverse comments about why Aharoni made the offer without giving Aharoni a chance to comment.

Even if the tribunal had been right about Aharoni's reason for making the offer, it did not justify the tribunal implying it was dishonest or suspicious about Aharoni's actions, she said.

Justice Cull decided the tribunal had not acted with a closed mind but found it did appear to have shown bias.

As a result, the Rongotai parties had not had a fair hearing of the 2012 valuation objections, and this contributed to an interim decision that made damaging and unnecessarily adverse findings about Aharoni and an independent witness who was generally in favour of the Rongotai companies' case.

Such a finding of bias would normally require a case to be reheard. But that wasn't needed for the Rongotai companies because the valuation issues were dealt with in appeals alongside the review hearing.

The Rongotai companies appealed against valuations the tribunal set for between two and 25 properties, in four valuation years.

Justice Cull, sitting with a specialist valuer, agreed almost all the properties had been undervalued.

The final decision of the series ended with 23 properties having a total valuation in 2018 of $85m.

NELSON LOCALS IRATE AT 30% RATES INCREASE: 'OUT OF STEP WITH REALITY'

About 2000 ratepayers in Nelson have been warned to expect a significant jump in their rates bill when it arrives this week.

For some, their bill will increase by more than $1000 a year and comes as inflation reaches its highest point three decades.

Nelson homeowner Allan Sims was surprised to get an email saying his rates would be increasing by more than 30 percent a year.

He said it was unfair and inequitable.

"I was somewhat astounded to receive such an increase, given the fact that council that advised that the rates were going up by 5.4 percent and to receive one exceeding 30 percent or almost a third increase to me just seems to be completely out of step with reality."

This week Nelson City Council sent a letter to about 2000 ratepayers who would see their rates bill increase by 15 percent or more.

The average increase in rates for the 2022/2023 year was set by the council at 5.4 percent.

Nelson City Council chief executive Pat Dougherty said changes in land values did not increase council's income, but reallocated the proportion paid by each ratepayer.

Nelson has almost 20,000 residential ratepayers and about 52 percent would have a rates increase above the average for the next financial year, while about 48 percent would have an increase below the average.

In contrast to those who will see a steep hike, 10.5 percent or roughly 2000 Nelson homeowners would see a decrease in their rates bill in the coming year.

In the 20 years Sims and his wife have owned their Nelson property, they had not seen a rates increase like it.

The 30.56 percent increase equates to an extra $1119 a year - about $21.50 a week.

"No extra service, nothing to show for your money, there's no other business in the world that can simply say, on putting your bill up by 30 percent and we're not doing any extra for you, councils and governments are the only ones to get away with it."

Rating valuations are carried out every three years to allow councils to set rates.

The last valuation by QV in September saw the average Nelson residential land value increase by 73.5 percent.

Homeowners whose land values increased even more than that, were also likely to see a big jump in their rates.

QV Nelson Marlborough manager Craig Russell said the growth came on the back of strong demand for property, particularly for out of town buyers after the Covid-19 lockdowns.

"The market dynamics have shifted quite a bit since we last completed the revaluation in 2018, there's been a huge demand, the demand has outstripped the supply.

"There's a limited availability of land and part of that is due to Nelson's geography, it's often difficult and costly to develop additional land."

He said the low interest rate environment meant confidence in the market late last year was sky-high, which led to rapid price increases and panic buying as people did not want to miss out.

Russell said the last time Nelson saw such significant land value growth was in the early 2000s.

He said valuations were completed under the Rating Valuation Act and were strictly audited by the Office of the Valuer General. They reflected the market as at the date they were carried out.

"The market's obviously not perfect, values don't move in a straight line for properties in different locations, it's an imperfect market and we're tasked with interpreting what is happening in the property market at the time."

One area that saw large growth in 2021 was Nelson South, Washington Valley and Toi Toi - where houses were snapped up by first home buyers and investors.

Victory Community Centre manager Jenni Bancroft said the rates hike would be tough for both homeowners and renters.

"People are going to have to try and cover rent hikes and these rates while the cost of living is really, really tough at the moment."

She said requests for financial support with living costs had increased and in some families; teenagers were working part-time jobs in order to pay household expenses.

The centre was also distributing more food parcels to people it had not previously.

"What hasn't gone up is the income either, for those people who are on benefits or those people who are working and earning the minimum wage or the living wage, which isn't enough to cover these kinds of increases."

MAYOR AGREES PAINFUL RATES HIKES UNFAIR

Some Nelson residents say their whopping rates increases are unfair, and the Mayor agrees.

The jumps – some more than 30% – are thanks to 2021 Quotable Value (QV) land revaluations, which have significantly increased land values throughout the city.

The average increase in land valuation in Nelson was 73%, but some have seen increases of more than 100%, and those increases, along with some other calculations involved in rates, have led to eye-watering increases in this year's rates bill.

Though the rises were steep for some, the Nelson City Council would not be taking in more than the average 5.4% increase, due to the way rates are calculated. However, because it is calculated based on land QV valuations, the areas with the steepest rates increases were those which had seen the highest jump in land value.

There are about 20,000 residential ratepayers in Nelson, with about 52% facing an increase higher than the 5.4% average set by the Council, and 48% with a lower increase than that average. About 10.5% will have a reduction in their rates.

On July 20 the council sent letters to all ratepayers in for an increase of 15% or more to their rates thanks to the revaluation, with rates notices going out on July 25 with four weeks to make the first payment.

Residents Astrid and Allan Sims, found their rates had jumped an extra 30.35%, working out about an extra $22 per week in rates for their Princes Drive home.

"We've had properties in five different rating zones ... and never had rates increases in the double digits, let along 30%. Never."

He said the councillors had signed off on "this hideous thing" that would end up driving people out of their homes.

"We saw that happen with friends of ours in Tasman ... our rates will be near enough to $100 per week, and I'm not getting anything extra for it," he said.

He said the land valuations were a "snapshot" taken at a time when the market was "frankly ridiculous".

"You could have sold a caravan for a million dollars."

However, when he received his own valuation, since he had no intention to sell, he regarded it as simple market fluctuation and didn't take much notice.

"We never contest it, because what's the point? You can't fight city hall."

He said previous rating values for the property were $355,000 for the house and $195,000 for the land, with a capital value of $550,000.

The new figures were $235,000 for the house, $590,000 for the land, with a capital value of $825,000.

He said the increases people were facing were "just wrong".

Sallie Rose owns a "tiny" half section up The Brook, and said her rates had gone up by 21.5%. Her neighbour owns the larger part of the section and their rates had gone up by about 16%.

"I don't get any extra money with the value increase – I wish it hadn't gone up, it makes no difference to me ... I just have to find another $500 per year to pay the council.

"Where do you find that money?"

She said on her fixed income she was already going without – she never went out to dinner or bought takeaways, she only used her car one day a week and was "trying to shop really carefully".

Nelson Mayor Rachel Reese said she was "very conscious" of the challenges people faced under the QV revaluations.

"The council rate increase was set at under the current rate of inflation, but the distribution is fickle as a result of the revaluation system that is determined by Quotable Value," she said.

"The revaluation and rating interface is a highly imperfect system and is an example of why local government need new funding tools that make better sense for communities."

Reese said new funding ideas were part of a "live discussion" and part of the Future for Local Government review that was underway. She criticised the fairness of the system using "market economics as a major input" for calculating rates.

"It's a really frustrating system for us [elected members], because we have no control over it. We don't have [QV values] finalised at the point that it's confirmed when we're setting the rates. A really hot property market can create these anomalies."

Council chief executive Pat Dougherty said the average rates increase of 5.4% was still in effect, but the revaluations had changed the distribution.

"We are aware that, for households facing a higher-than-average increase due to revaluation, this will come as a shock," he said.

"We made the decision to write to these households to explain that national trends have led to large changes in land values, and that while this does not increase council's overall income, it does reallocate the proportion paid by each ratepayer."

He said the letter included financial assistance options available to those who might find the new bill a struggle, "especially at this time of high inflation".

"Council's Rating Policy will be considered as part of the next Long Term Plan, but every rating policy has its own advantages and disadvantages."

HOTELIERS FEAR TARGETED RATES WILL SPREAD WIDER IF COURT UPHOLDS APPEAL

The hotel sector fears council targeted rates on businesses could become more widespread if the Supreme Court upholds an Auckland Council appeal over its contentious visitor accommodation rate.

Hotel Council Aotearoa is upset that Local Government New Zealand has joined the Auckland Council in the appeal hearing this month.

Local Government NZ successfully argued that it could provide a wider view on the implications of the court agreeing with the ruling that Auckland Council's accommodation provider targeted rate was invalid.

The Hotel Council tried but was not allowed to join the case alongside Auckland hoteliers who, at the Court of Appeal, won the argument against the now-suspended 2017 rate, which brought in $14 million a year.

The two-day hearing will be the final round of long-running opposition by hoteliers to what was the first big fiscal reform brought in by Auckland mayor Phil Goff after his election in 2016.

If the council loses, it will not only lose the right to charge an extra rate on visitor accommodation properties, but it may have to repay the $28m it raised before suspending the rate due to Covid-19.

It would also be an embarrassing defeat for Goff personally, who retires from the mayoralty in October after two terms. At last count the council had spent $1.5m defending the case.

The Hotel Council's strategic director, James Doolan, said that if the council and Local Government NZ won, it would widen the definition of how targeted rates could be imposed, affecting not just hotels elsewhere but other sectors.

Targeted rates are traditionally imposed on ratepayers who benefit from the new spending they fund. In Auckland, they have been earmarked for climate action, environmental programmes and water quality upgrades.

Goff campaigned in 2016 on finding new sources of revenue for the council and within months of election floated the idea of additionally rating hotel properties to fund existing tourism marketing.

He initially called it a "bed tax" but it evolved into a rate on the value of properties used for visitor accommodation and he halved the amount it would raise before gaining councillor support.

From the outset, hoteliers have argued that – contrary to how targeted rates should work – they pay 100% of the rate but get only 10% of the overall spending by visitors to the city.

Local Government NZ said its national council decided on May 20 that the issue was significant enough for it to seek the court's approval to join in.

"If left unchanged, the Court of Appeal's decision could constrain councils' ability to seek innovative funding solutions and undermine certainty around rating decisions," it said in a statement.

Part of the argument is a legal precedent which determined that, for courts to overturn a political decision, there had to be a degree of unreasonableness in that decision.

"It is important to note that LGNZ intervened without taking a position on the Auckland Council appeal and are instead focused only on the impact of the Court of Appeal's approach on councils more generally," said Local Government NZ.

Doolan said the accommodation provider rate had been a revenue tax, reverse-engineered as a targeted rate, and there was a risk that if allowed, councils around the country could introduce their own variations on it.

The Supreme Court hearing is set down for July 20 and 21.