IPTI Xtracts

Property Tax and Assessment News from Around the World

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TOP EYES PARLIAMENT WITH $6.35 BILLION TAX CUT, LAND TAX

TOP is hoping a $6.35 billion tax cut package will help it win a place in Parliament at the next election - the third it will have contested since it was founded by Gareth Morgan in 2016.

New leader Raf Manji hopes that this, and a new strategy to run in the Christchurch electorate of Ilam, will give TOP a chance to enter Parliament in 2023.

Manji said TOP would create a tax-free income tax threshold, meaning every dollar of income earned up to $15,000 would not be taxed at all. A recent Treasury estimate reckons that would cost the Crown $5.2b.

This would be paid for by an annual tax on residential land values of 0.75 per cent, replacing the current bright-line test, which is a partial capital gains tax. The tax would exempt rural, conservation and Māori land and superannuitants could defer paying it in recognition of their small disposable incomes. TOP reckons the tax could collect $6.75b to $7.5b annually.

TOP also proposes slight adjustments to the rest of the income tax system, nudging up tax thresholds and creating a 20 and 35 per cent tax rate and keeping the 39 per cent top tax rate.

Overall, a Treasury calculator estimates ordinary income earners would be better off under the proposal, with even people earning more than $200,000 paying a lower marginal rate than now.

Manji said the package was designed to "rebalance the economy" and reverse unhealthy social and economic trends.

"Aspects of our society are rapidly becoming unrecognisable, and unacceptable, to most New Zealanders and will require a radically different political solution," Manji said.

"The evidence of the last two decades shows us that the formulaic policy responses from governments of the left and right – whether it be benefit reforms or tax cuts – have not worked."

"Without a fundamental rebalancing of the way revenue is gathered and income distributed in this country, the problems of unaffordable housing and poverty will not be solved," he said.

Manji also announced a proposal to cancel $2b in debt owed by beneficiaries to the Ministry of Social Development.

The party said it would be a "one-off" cancellation.

"People are caught in a vortex of unaffordable living and are unable to progress with this huge burden of debt around their necks. Meanwhile, the Government has overseen a huge upwards transfer of wealth due to their Covid-19 policies," Manji said.

The party also announced a $3b Community Housing Development Fund to help community housing providers build more housing. TOP reckons it would build 6000 to 10,000 new dwellings.

Manji is a former two-term Christchurch city councillor and rose to national prominence in his role supporting victims of the 2019 mosque attacks.

He previously ran as an independent in the electorate of Ilam in 2017, coming second to the electorate's long-serving National MP Gerry Brownlee.

After wrapping up at council, Manji moved to Wellington, where TOP is based, and where he launched his policies on Sunday.

But Manji confirmed on Sunday he would head back to Ilam for the 2023 election, a move revealed by the Herald. The electorate is seen as being an open contest in 2023.

Brownlee lost the seat to Labour's Sarah Pallett in 2020. Pallett may struggle to hold the seat in 2023 if the nationwide swing against Labour is mirrored in the electorate.

Manji said winning Ilam was achievable and it would help dispel fears that a vote for TOP would be "wasted" if the party failed to cross the 5 per cent threshold.

"If we win Ilam, every single vote will count, so that will be our focus and the team is ready to go," Manji said.

WAIPĀ PROPERTY REVALUATIONS DELAYED AFTER UNDER-PRESSURE QV REQUESTS EXTRA TIME

Waipā rating revaluations have been delayed until February 2023 so under-pressure valuers have the time to "get it right".

All the district's properties were meant to be revalued by October but Quotable Value (QV) – the independent provider – says it can't provide "a robust and quality result" by then, a Waipā District Council statement says.

Instead, it will complete the revaluations in February 2023 and property owners will be advised of the new valuations by March.

The delay is because of QV staff shortages, changed and more complex regulations and a rapidly changing residential property market, Waipā District Council deputy chief executive Ken Morris said.

"QV's absolute priority is to get it right and deliver a robust result," hence the delay, Waipā District Council deputy chief executive Ken Morris said.

"QV's absolute priority is to get it right and deliver a robust result. That's council's priority too. Right now, it's like trying to hit a moving target. On that basis, we have accepted their recommendation of a delay."

The Office of the Valuer General (OVG), the government body that oversees all rating valuations, has also agreed QV should delay the Waipā revaluation work to get a good quality result. The OVG certifies all rating valuations, nationwide.

Waipā's new property values will be based on the most likely selling price as at August 1, 2022, the statement said.

The council will use the valuations to help set the equitable distribution of rates as far as the 2025/26 rating year, the statement said, but they are not intended to be used as market valuations.

Owners who do not agree with their new rating valuation will have the right to object.

Property revaluations were last done in Waipā in August 2019. At that time, the district saw an average 24.8 per cent increase in the capital value of property.

HOUSING MARKET SLUMP HITTING KIWIS HARD, COSTING AUCKLAND HOMEOWNERS MORE THAN $140K

The slump in the housing market is hitting Kiwis hard with prices plummeting around the country, especially in two of New Zealand's biggest cities.

The latest OneRoof-Valocity house price report for October shows the nationwide average property value fell just over $75,000 (6.8 percent) after hitting a high of $1.09m at the end of February.

The slump has been evident over the last three months with the average property value for New Zealand dropping 3.7 perent to $1.023 since July, while year-on-year growth was a mere 0.7 percent.

New Zealand's biggest city wasn't exempt with property values in Auckland falling $140,549 (9.8 percent) since peaking at $1.56m at the start of the year.

Auckland suburbs have been hit hard by the property market slump as rising interest rates and worsening inflation cause buyers to retreat from the market.

Okura was the worst-hit in Auckland with the lifestyle suburb on the city's northern fringe seeing its property value drop by $426,000 since the market peak.

New Zealand's most expensive suburb, Herne Bay, saw the next biggest tumble in Auckland, with the area seeing the property value drop by $355,000 to $3.835m since the peak.

The Capital was the hardest hit in New Zealand, with the housing market slump costing homeowners in Wellington almost $200,000, the latest OneRoof-Valocity house value report shows.

The average property value in Wellington tumbled just over $196,000 (17.7 percent) to $1.103 million since peaking in March.

Homeowners in neighbouring Lower and Upper Hutt also suffered steep declines, of $158,000 (18.7 percent) and $149,00 (17.5 percent).

Christchurch didn't escape the pain, with property values dropping $24,779 (3.1 percent) since the market peak in June, while values in Tauranga, Hamilton and Dunedin fell $92,000, $68,000 and $63,000 respectively from their market peak.

Of the 645 major metro suburbs with 20 or more settled sales in the past 12 months, only 24 are still registering value growth, the majority of which are in Queenstown-Lakes, the report showed.

Sixteen suburbs - mostly in Wellington and Auckland - saw value drops of more than $300,000 since the market peak.

But it wasn't all doom and gloom in New Zealand, with homeowners in Queenstown-Lakes escaping the downturn relatively unscathed.

The average property value in the wealthy tourist town sliding just $21,325 (1.1 percent) since reaching an all-time high of $1.88m in July.

The West Coast, New Zealand's cheapest housing market, recorded value growth in the three months to the end of September, but the 0.5 percent rise to $407,000 shows the market slump is putting the squeeze on house values there too.

The biggest three-month declines were in Greater Wellington (-7.3 percent); Nelson (-5.7 percent) and Manawatu-Whanganui (-5.4 percent).

James Wilson, head of valuations at Valocity, OneRoof's data partner, said the continued falls over the quarter suggest the market hasn't hit the bottom yet.

"Greater Wellington remains the country's most troubled housing market. Property values dropped in all eight of the region's territorial local authorities (TLAs) over the quarter, and homes in the capital are now worth $99,000 less than what they were a year ago," Wilson said.

"Cost of living pressures and strong signals from the Reserve Bank that further interest rate rises are on the cards have dampened buyer enthusiasm, and as long as supply continues to outpace demand, price growth is unlikely to return anytime soon."