

## Election 2017: What investors need to know

Housing is set to be the number one issue in this year's election and that means investors need to know about policy proposals which could affect them.

By *Miriam Bell*

It's a perennial hot topic these days with stories of rising prices, affordability and rental squeezes in the headlines with growing regularity. And, increasingly, it looks as though housing will be the issue de jour in this year's election in September. Roy Morgan research released last week shows that 41% of survey respondents picked government/public policy/housing issues as the most important problems facing New Zealand. Within this bundle of concerns, housing affordability/increasing house prices (15%) and housing shortage/homelessness (11%) are the most prominent. Meanwhile, in the recent Mt Albert by-election, which was won by the Labour Party's Jacinda Ardern, housing was a dominant focus for both candidates and voters. Further, a recently revealed independent report on social housing, which was prepared for Treasury, criticised the government for lacking "an overall plan" to boost housing supply, particularly in Auckland. Opposition politicians seized on the report's criticism to promote their own policies as means to better addressing the housing crisis. With all these factors at play, it seems timely to take a look at what political parties are proposing when it comes to housing – and what that might mean for investors. To date, National has not announced any new housing policies and continues to promote its existing package of measures, although it may in the run-up to the election. National's existing measures include the creation of Special Housing Areas, the Housing Infrastructure fund, the establishment of Urban Development Authorities, reform of the RMA, and requiring Councils ensure land supply for housing keeps pace with growth. The Labour Party has a suite of housing policies, including a KiwiBuild programme which aims to build 100,000 affordable homes over 10 years and plans to grow the building workforce. However, it also has three policies which are squarely aimed at the "investor" sphere. One policy is to extend the existing bright line test from two years to five years, while maintaining the current exemptions. This is intended to "target speculators who buy houses with the aim of making a quick capital gain". Another policy is to consult on the rules around negative gearing, which Labour describes as "used by speculators to make taxpayers subsidise losses on their properties". Given the party has only committed to consultation on negative gearing, further details of this are scarce. But party leader Andrew Little has, in the past, said that it will be done in a way that's targeted at speculators, not investors looking for a stable, long-term return. Labour also wants to ban non-resident foreign buyers from buying existing New Zealand homes to try and put a halt to foreign speculation. In a bid to tackle housing affordability, the Green Party is also keen to "reduce speculative investment in the housing market". It wants to do so by tightening the rules around loss attributing qualifying companies and by introducing a capital gains tax on all properties but the family home. Additionally, the Greens have a focus on the provision of rental properties. They want to shift the standard tenancy conditions towards more secure and predictable tenure arrangements and have long called for the introduction of a Warrant of Fitness for rental properties. For ACT Leader David Seymour, the housing crisis is all about the restriction of land supply and the monopolisation of infrastructure provision and the consenting process by local and central government. ACT would replace the RMA and incentivise councils to consent new houses and build infrastructure by letting them keep a portion of GST from new construction in their territory. It would also reduce the costs of building and materials by getting councils out of the building consent business, replacing it with a regime of mandatory private insurance. NZ First takes Labour's proposal on non-resident foreign buyers to another level.. It would ensure New Zealand's housing stock is restricted to New Zealanders by making non-residents foreign buyers ineligible for home ownership. The party's other investor-relevant policies include encouraging private investment in upgrading rental housing through the taxation system and making adequate insurance cover compulsory for all homes. While there are other parties in the mix, of them it is perhaps Gareth Morgan's new Opportunities Party (TOP) which has released the most attention-grabbing housing policy thus far. TOP's position is that all productive assets – including housing and land – can produce income annually and all income should be taxed, whether it is in cash or in kind. To this end, it would levy an annual tax on property owners which it believes would help reign in house prices and crack down on property speculation.

(Source landlords.co.nz)



## Wellingtons Mayor offers \$5K rates discount for new first homes and apartments.

Apartment owners will now be able to cash in on a \$5000 rates discount for first-home builders in Wellington. Wellington Mayor Justin Lester first proposed the initiative during his election campaign, and on Tuesday announced it would now be extended to cover new apartments as well as houses.

At the time he estimated the plan would cost the council about \$500,000 per annum and money already set aside to market Wellington would be re-prioritised to cover the rebate, meaning no new costs would be lumped on ratepayers, he said. It will include buying a newly built home off the plans, or purchasing an apartment off the plans and will start on July 1. This will cost \$2500 per year per claimant in foregone rates income.

"These new dwellings are adding to the ratepaying base. The rates income derived over the life of the homes will far exceed the two year rates discount."

He expected it would be claimed by 80 to 100 homeowners a year, which would represent more than a 10 per cent increase in the number of new buildings being consented a year in the city compared to its historic averages of 700-800.

In the face of a shortage of housing supply, more needed to be done to encourage construction of new homes for Wellington, especially for young families or people looking to get into their first home, he said.

He believed a \$5000 "holiday" on rates was proactive and would be an incentive to add to Wellington's housing stock, especially in the central city.

The policy and the 750 new social and affordable homes planned for the next decade, would go some way to help close the housing gap.

The council would also work with central government on making the process of developing new homes easier through special housing areas, he said.

"We'll say to people if you want to build your life in Wellington, this is a place where you can own your own home and here's some help to make it happen."

The discount would be available to anyone who has not owned their own home before, and will allow them to claim the first \$5000 off their rates from when they own a new home.

Deputy Mayor Paul Eagle, the council's housing portfolio leader, said the aim was to get more than 1000 new homes a year.

The discount will be introduced as part of the annual plan at the end of March.

Source: [stuff.co.nz](http://stuff.co.nz)



## Dinosaurs at Wellington Botanic Gardens

Wellington Botanic Garden - 101 Glenmore St, Kelburn, Wellington

Friday 14 April 2017 10:30am – 11:30am

Travel back in time to the Age of the Dinosaurs at Wellington Botanic Garden!

Get up close and personal with our friendly T-rex, Velociraptor, Dilophosaurus and meet some baby dinosaurs.

Learn about the dinosaurs, plants, and trees which lived millions of years ago in our ancient continent of Gondwana. Ideal for kids aged 4 - 12 years old.

This amazing kids event also includes sieving for real fossil sharks teeth, (keep the best one you find!), kids dinosaur tattoos, and making fossils.

Please note that the dinosaur costumes are realistic and can be scary for very young children (Under 5). Parental guidance is strongly advised.

Children under 2 are free.

Shows are held at Magpie Lawn. This event is brought to you by Eventosaurus.

| RECENT SALES STATISTICS |        |               |                              |           |            |           |            |          |
|-------------------------|--------|---------------|------------------------------|-----------|------------|-----------|------------|----------|
| UNIT                    | NUMBER | ROAD NAME     | SUBURB                       | RV        | SALE PRICE | LAND AREA | FLOOR AREA | BEDROOMS |
| 8                       | 163    | Rongotai Rd   | Rongotai                     | \$380,000 | \$510,000  | 0         | 110        | 3        |
|                         | 271    | Muritai Rd    | Eastbourne                   | \$700,000 | \$790,000  | 1257      | 160        | 4        |
| 1108                    | 74     | Taranaki St   | Te Aro                       | \$295,000 | \$425,000  | 0         | 64         | 3        |
|                         | 18     | Margaret St   | Wadestown                    | \$250,000 | \$230,000  | 422       | 0          | 0        |
|                         | 31     | Saddleback Gr | Karori                       | \$465,000 | \$555,000  | 139       | 127        | 2        |
| 214                     | 107    | Thorndon Quay | Wellington Central           | \$330,000 | \$511,000  | 0         | 81         | 2        |
|                         | 18     | Stone St      | Miramar                      | \$610,000 | \$650,000  | 315       | 130        | 4        |
|                         | 55     | Korokoro Rd   | Korokoro                     | \$370,000 | \$442,000  | 508       | 110        | 3        |
| A                       | 422    | Broadway      | Miramar                      | \$570,000 | \$700,000  | 253       | 157        | 4        |
| A                       | 380    | Evans Bay Pde | Hataitai                     | \$800,000 | \$830,000  | 0         | 160        | 2        |
|                         | 36     | Ahuriri St    | Strathmore - Wellington City | \$490,000 | \$715,000  | 548       | 120        | 3        |
|                         | 86A    | Woodland Rd   | Johnsonville                 | \$460,000 | \$605,000  | 0         | 190        | 3        |
|                         | 19     | Kitchener Tce | Johnsonville                 | \$395,000 | \$682,500  | 809       | 130        | 4        |
|                         | 36     | Parklands Dr  | Karori                       | \$470,000 | \$740,000  | 576       | 200        | 4        |
| A                       | 69     | Hatton St     | Karori                       | \$460,000 | \$650,000  | 455       | 130        | 3        |
|                         | 425    | Ohiro Rd      | Brooklyn                     | \$385,000 | \$582,000  | 525       | 80         | 3        |
| 2                       | 37     | Lord St       | Stokes Valley                | \$210,000 | \$276,000  | 0         | 80         | 2        |
| 509                     | 35     | Abel Smith St | Te Aro                       | \$105,000 | \$223,500  | 0         | 22         | 1        |
|                         | 5      | Vernon Gr     | Brown Owl                    | \$475,000 | \$587,000  | 448       | 170        | 3        |

## Recent Sales (cont)

|      |        |                    |                           |             |             |      |     |   |
|------|--------|--------------------|---------------------------|-------------|-------------|------|-----|---|
|      | 9A     | Tamahine St        | Maupuia                   | \$420,000   | \$515,000   | 0    | 100 | 3 |
|      | 11     | Landsdowne Tce     | Karori                    | \$650,000   | \$891,000   | 499  | 210 | 4 |
|      | 90     | Melbourne Rd       | Island Bay                | \$660,000   | \$850,000   | 509  | 130 | 3 |
|      | 73     | Harbour View Rd    | Harbour View              | \$380,000   | \$580,000   | 668  | 160 | 4 |
|      | 3      | Ecclesfield Gr     | Silverstream              | \$495,000   | \$500,000   | 589  | 190 | 4 |
|      | 46     | Woodland Mews      | Wainuiomata               | \$295,000   | \$360,000   | 287  | 100 | 2 |
| 58   | 4      | Sussex St          | Mt Cook                   | \$96,000    | \$150,000   | 0    | 22  | 1 |
|      | 20     | Clyde St           | Island Bay                | \$660,000   | \$782,500   | 314  | 130 | 3 |
|      | 8      | Peranga Tce        | Hataitai                  | \$520,000   | \$765,000   | 611  | 130 | 2 |
|      | 16     | Hay St             | Naenae                    | \$280,000   | \$331,000   | 0    | 0   | 3 |
|      | 51     | Percy Kinsman Cres | Riverstone Terraces       | \$520,000   | \$550,000   | 2145 | 151 | 3 |
|      | 38     | Mcleod St          | Elderslea                 | \$455,000   | \$505,000   | 830  | 120 | 4 |
|      | 5A     | Ngarimu Gr         | Ngaio                     | \$275,000   | \$385,000   | 0    | 70  | 2 |
|      | 32     | Jackson St         | Island Bay                | \$530,000   | \$707,000   | 412  | 130 | 3 |
|      | 7      | Morpeth St         | Johnsonville              | \$520,000   | \$665,000   | 528  | 201 | 4 |
|      | 62-62a | Miro St            | Trentham                  | \$380,000   | \$501,000   | 579  | 190 | 4 |
|      | 225    | Taita Dr           | Taita                     | \$330,000   | \$497,000   | 557  | 80  | 3 |
| 6    | 25     | Tennyson St        | Petone                    | \$275,000   | \$380,000   | 0    | 80  | 2 |
| A    | 6      | Luckie St          | Tawa                      | \$630,000   | \$795,400   | 702  | 262 | 4 |
|      | 58     | Woodhouse Ave      | Karori                    | \$460,000   | \$715,000   | 639  | 160 | 4 |
|      | 162    | Darlington Rd      | Miramar                   | \$455,000   | \$685,000   | 535  | 89  | 3 |
|      | 10     | Ngaio St           | Eastbourne                | \$660,000   | \$715,000   | 455  | 120 | 2 |
|      | 18     | Putnam St          | Northland                 | \$670,000   | \$850,000   | 508  | 180 | 4 |
|      | 17     | Carlton Gore Rd    | Roseneath                 | \$2,850,000 | \$2,413,000 | 413  | 440 | 6 |
|      | 27     | Horoeka St         | Stokes Valley             | \$345,000   | \$325,000   | 809  | 100 | 3 |
| 1702 | 75     | Featherston St     | Wellington Central        | \$220,000   | \$240,000   | 0    | 28  | 1 |
|      | 36     | Meadowbank Dr      | Belmont - Lower Hutt City | \$275,000   | \$970,000   | 1109 | 225 | 4 |
|      | 21     | Beach St           | Petone                    | \$580,000   | \$680,000   | 248  | 80  | 2 |
|      | 113    | Ruskin Rd          | Newlands                  | \$290,000   | \$394,000   | 0    | 120 | 3 |
|      | 51     | Farnham St         | Mornington - Wellington   | \$415,000   | \$630,000   | 557  | 130 | 3 |
|      | 54     | Dress Circle       | Newlands                  | \$500,000   | \$677,000   | 510  | 180 | 3 |
|      | 41     | Moa St             | Alicetown                 | \$620,000   | \$740,000   | 523  | 140 | 3 |
|      | 3      | Lockett St         | Waterloo                  | \$520,000   | \$740,000   | 569  | 130 | 3 |
| 19   | 182    | Wakefield St       | Te Aro                    | \$475,000   | \$683,290   | 0    | 98  | 3 |
|      | 5      | Akepiro Gr         | Stokes Valley             | \$185,000   | \$266,000   | 0    | 90  | 3 |



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