IPTI Xtracts

Property Tax and Assessment News from Around the World

NEW ZEALAND - May 2017

Kāpiti 5.9% rates increase 'scandalous', pensioners say

Elderly Kāpiti residents are describing a proposed 5.9 percent rates rise as scandalous, with one couple saying it is so unaffordable they could be forced to sell their home.

The Kāpiti Coast District Council (KCDC) began hearing submissions on its draft annual plan today.

The document sets out the council's expenses, projects and priorities for the next year.

Nearly a quarter of the 131 submissions were from superannuitants who were worried about the rates increase.

The council said the increase was needed to meet depreciation of infrastructure, costs arising from inflation, flood protection works and economic development projects including upgrades to the town centre.

John Hayes represents the local Older Persons Council, which wanted some of the projects deferred until the council had made a compelling case for it.

"The feeling we get is that there's another set of economic rules that apply" - John Hayes

"I think it's really important that Planet KCDC does not float away into the atmosphere, the stratosphere, and leave the rest of us behind," he said.

"The feeling we get is that there's another set of economic rules that apply to KCDC and many people are feeling abandoned."

Grey Power Kāpiti spokesperson Trevor Daniell said nearly half of the local population was on a fixed income, and just over a quarter were superannuitants.

He said Grey Power was disappointed at the council's inability to manage its money.

"As usual, Grey Power is focusing on affordability," he said. "I know the council keeps on looking up and saying 'oh but it's only a one or two dollar increase' but that's been going on for years and years and years, so it's gradually affecting the standard of living of the older people and those on benefits."

Grey Power, like the Older Persons Council, said more proof was needed to justify the spending when, at 5.9 percent, some services would still have to be cut.

'Load of cobblers'

In written submissions, Margaret and Alan Southon said: "How can we possibly afford to pay more rates - we are at our limit with only superannuation as income. We are at our wit's end... Our only option is to sell our house."

Alan and Anne White said: "It's absolutely scandalous given that inflation is currently running well below 2 percent... We are told it is due to the revaluation of council's underground assets. What a load of cobblers."

The town's mayor, K Gurunathan, acknowledged the angst over the proposed rates rise, but said the town could suffer without some of the projects.

"All they're saying is 'look, we can't afford this'," he said. "We can understand the pain.

"I don't know what the answer is but at the moment they're saying 'cut all economic development expenditure', so we are caught in trying to invest in economic development to increase the rating base."

The council had to take the risk of investing in the region because some businesses were starting to move since the Kāpiti Expressway opened earlier this year.

"The district may miss out," he said.

And the local chamber of commerce agreed - its chair, Heather Hutchings, said Kāpiti was Wellington's growth area, but it was still missing out.

"We just need to go to our local railway station in the morning to see the mass exodus of Kāpiti people going to the city to work. Many of these commuters would prefer to be working closer to home, the issue is that there are minimal opportunities for them to find positions relevant to their expertise."

The 5.9 percent increase proposed in Kāpiti compares to 5.5 percent in Christchurch, 2.5 percent in Auckland, 3.3 percent in Wellington,

The council will make its final decision on rates in mid-July.

NZ property values plateau

New Zealand property values stalled in the three months through April as tighter credit conditions and restrictions on riskier mortgage lending has seen dwindling sales numbers, says state-owned valuer Quotable Value.

The QV house price index showed the nationwide average property value was $631,147 in April, up 11 percent from a year earlier in what’s the smallest annual gain since July 2015. Over the three months ended April 30, national property values were unchanged due in large part to a 0.4 percent decline in Auckland property values, which had been the lynchpin for the country’s overheated housing market in recent years.

By contrast, Wellington property values continued their march higher after a protracted lull, up 3.4 percent to $602,230 in the three months ended April 30, rounding out a 21 percent annual increase. The capital city is experiencing a lot of first home buyers turning to satellite centres in the Hutt Valley and Porirua with a higher number of listings.

“Nationwide quarterly value growth has plateaued over the past three months as the housing market continues to be constrained by the latest round of LVR (loan-to-value ratio) restrictions,” QV spokeswoman Andrea Rush said. Nationwide sales volumes have continued to be relatively weak and despite sales picking up in March as compared to February, they were at the lowest level for March since 2014.”

New Zealand’s property market has posed a dilemma for policymakers as a shortage of housing in the country’s biggest city coincided with surging population growth, pushing up prices and raising affordability questions for first-home buyers. At the same time, globally low inflation meant the Reserve Bank was hindered from hiking interest rates and instead used new macro-prudential tools to restrict highly leveraged mortgage lending.

Lending curbs targeting Auckland investors prompted those buyers to look further afield, pushing up prices in the surrounding areas such as Waikato and the Bay of Plenty, and today's data show property values rose at a slower pace in Tauranga, increasing 0.9 percent over the three months through April to $678,643 for an annual increase of 18 percent. Hamilton values rose 1.4 percent to $538,832 in the three-month period for an annual gain of 14 percent.

Christchurch property values shrank 0.3 percent in the three months ended April 30 to $495,855 for an annual increase of 1.4 percent and Dunedin values rose 3.5 percent to $371,739 for an annual gain of 17 percent.