

FOR IMMEDIATE RELEASE

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No silver lining to the bright-line test extension

While the bright-line test extension might signal a decline in ‘flipping’ houses, it does little to address the cause of the crisis – which is there aren’t enough houses for Kiwis in need,” says Leonie Freeman, Chief Executive at Property Council New Zealand.

“Today, the Government has pulled just one lever in the vast dashboard of push buttons they have at their disposal, but they have failed to address the issue of supply. Instead, they have fallen back on the previously disbanded idea of a tax on capital gains - which is effectively what the bright-line test will be – a tax on capital gains that will increase costs but do little to provide homes for everyday Kiwis.

"New Zealanders need better access to quality housing and rental accommodation. While today’s announcement will be of concern to many rental property owners, who will see costs rise, it should be of further concern for tenants, who will undoubtedly have these costs passed on in rent increases.

“While we’re pleased to see moves to incentivise Councils and the Crown to free up more land in the form of a \$3.8 billion Housing Acceleration Fund, it remains unclear how and when the Government plans on getting these funds to those who actually build and develop housing”, says Freeman.

The Property Council is calling on government to prioritise other measures to address the housing crisis and clarify their intentions to ensure industry and policy makers are working in concert, including:

1. Urgent Resource Management reform to simplify the planning and consenting system, freeing up land to building houses more efficiently and reducing the costs of housing right across the housing continuum.
2. Considering interim measures to speed up supply, using the fast-tracking legislation more generously or adopting a similar approach to that taken in Christchurch post-quakes.
3. Clarifying whether Build-to-Rent housing will be included in interest deductibility and bright-line issues. Build-to-Rent housing will need to play a greater role in the rental solution and cannot afford to be scuttled before it’s truly got off the ground.

“Investing more into speeding up developments is welcome news, but such investment needs to get into the hands of builders and developers sooner rather than later. This, coupled with using the Resource Management fast-tracking legislation and embracing the potential of Build-to-Rent housing would speed up the construction of housing in New Zealand.

“Solving the housing crisis is not a matter of pulling one or two levers and expecting a wave of change. Development and construction take time, the development pipeline can take decades. The only way to guarantee success is if government and industry come together to utilise our collective experience to address each issue in harmony”, says Freeman.

ENDS

For further comment please contact:

Leonie Freeman | Chief Executive | 027 436 6526 | leonie@propertynz.co.nz

For more information please contact:

Kelly Taylor | Head of Communications | 021 5757 02 | kelly@propertynz.co.nz

NOTES TO THE EDITOR

About Property Council New Zealand

Property Council New Zealand is the leading advocate for New Zealand's most significant industry - property.

A not-for-profit organisation, the Property Council connects more than 10,000 property professionals, championing the interests of over 600 member companies who have a collective \$50 billion investment in New Zealand property.

Our membership is broad and includes some of the largest commercial and residential property owners and developers in New Zealand. The property industry comes together at our 80+ Property Council events, which offer professional development, exceptional networking and access to industry-leading research.

Property Council acts as a collective voice, giving our members a seat at the table with policy makers, ensuring they make informed decisions that benefit our industry whilst enabling a strong economy and thriving communities.

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