

EMBARGOED UNTIL 5:00AM, FRIDAY 9 JULY 2021

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Interest deductibility changes unlikely to increase housing supply

On the eve of the Government's consultation on changes to interest deductibility closing, Property Council New Zealand has written to the Government to rethink its approach to getting more houses built, says Property Council New Zealand Chief Executive Leonie Freeman.

"Our members have been clear. The Government's proposed changes to interest deductibility rules will have a significant chilling effect on increasing supply at scale and pace.

"We support the Government using its whole toolbox to build more houses. In our view, the proposed changes make it less likely people are going to help the Government build more houses for Kiwis.

"While exempting new builds is encouraging, the Government has an array of levers it can pull to incentivise more housing to be built that don't pull the rug out from under the feet of developments."

Property Council has seen increasing interest in Build-to-Rent development, a new asset class that aims to provide long-term rentals where tenants are treated as customers.

"To amplify the potential of Build-to-Rent, the Government needs to create the right settings," says Freeman.

"We have specifically requested the Government exempt Build-to-Rent developments from the interest deductibility proposal to encourage this dynamic new asset class. Feedback we have had is compelling – these rule changes will make it much more difficult for Build-to-Rent's potential to be unlocked.

"The Government has long said it aims to tackle New Zealand's housing crisis and help more Kiwis into homes. It should not be tinkering with tax settings to make developments more difficult.

"Instead of robbing Peter to pay themselves, the Government should focus on reforming planning laws, allowing councils to free up more land, supporting the development of local infrastructure and reducing costs and red tape on new supply to house more New Zealanders."

ENDS

For further comment please contact:

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NOTES TO THE EDITOR

Please find attached the letter and a copy of Property Council New Zealand's submission on the Government's consultation on the proposed changes to interest deductibility.

About Property Council New Zealand

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

A not-for-profit organisation, the Property Council connects more than 15,000 property professionals, championing the interests of over 500 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.

www.propertynz.co.nz

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