

Housing: Blame the Govt

Regarding the Times-Age, September 12 front page story on "Why house prices hit record levels": I note this was an investigation by the Treasury and as it was important for Government to understand the housing market.

Land shortages have been around for a long time, and in a minor way this was a contributing issue. However, this did not create a 40 per cent increase in house prices over two years, or why prices have declined 10 per cent in the past six-12 months.

The report said it was the global decline in interest rates, however, it was more than this – it was our "domestic" rapid decline in interest rates and loose lending by the banks that caused house prices to rise rapidly.

Investors earned next to nothing having their money in the bank so many jumped into property.

Interest rates have
now

risen rapidly, and with the CCCFA rules, credit has been severely restricted. We are now seeing some big declines in house prices, especially the lower-end properties.

I see no blame put on the Reserve Bank in this report – that's unbelievable.

Having house prices decline is not a bad thing, however, the elephant in the room is that the long-term private landlords in NZ, who house more than 80 per cent of renters, were blamed by this Government for causing these house prices to rise, were hit with a new tax which is really a tenant tax.

Landlords are no longer taxed on profits made, rather they are taxed on rental income.

The Treasury or Renters United did not recommend such measures to be implemented because all that would result in rent increases – we are only just starting to see the impacts now.

Rents in NZ have risen 4.2 per
cent in the
past 12

months, while inflation was over seven per cent. Thankfully both ACT and National parties recognise this and will repeal this new tax on landlords and tenants.

The Government also made some bad changes to tenancy law where a clause for a 90-day notice for eviction was removed.

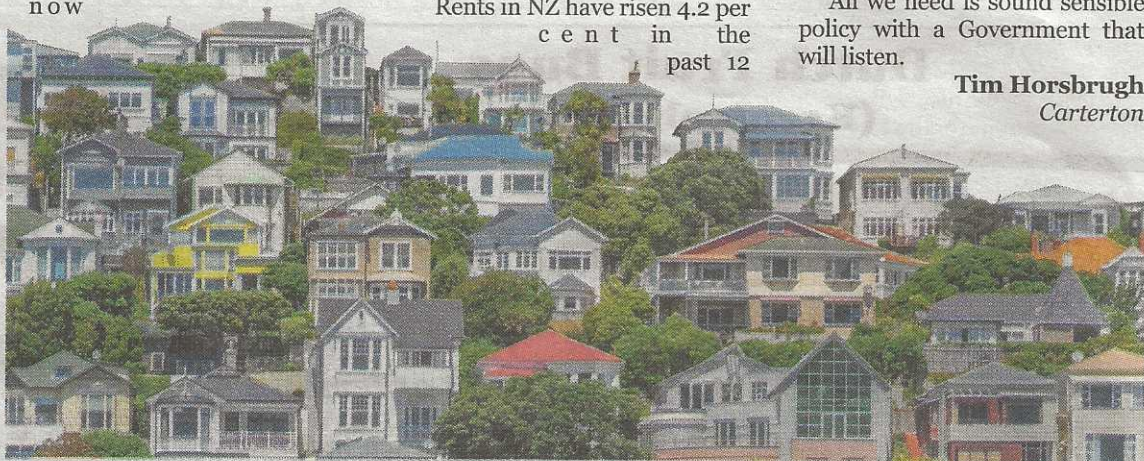
That resulted in private landlords becoming extremely fussy about tenant selection, and, unfortunately, some people do not get a chance or a look-in.

On Trade Me on Monday there were more than 9000 properties available to rent in NZ. That has been a major cause of why the emergency housing waiting list has ballooned out from 5000 to 24,000 since this Government took over in 2017.

I'm sure many emergency housing tenants would rather live in a private landlord's investment property rather than a hotel with security guards.

All we need is sound sensible policy with a Government that will listen.

Tim Horsbrugh
Carterton



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The Paper wrote the heading!

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