NZPIF survey into the effects of Government changes to Residential Property Tax Rules 2021

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Introduction

On the 23 March 2021, the New Zealand Government announced new policies with the aim of tilting the balance of the housing market towards first-home buyers. According to the Prime Minister, these would make residential property investment "less lucrative" for speculators.

The Government media release stated that the key policy changes were:

- $3.8b for accelerating housing supply
- First Home Grant caps lifted, as well as higher house price caps
- Bright-line test doubled from 5 to 10 years
- Interest deductibility loopholes scrapped
- The offer of a $2b loan to Kāinga Ora to scale up land acquisition

Revenue Minister David Parker said interest deductibility favours debt-driven residential property investment over more fully taxed and more productive investments. "To reduce investor demand for these investments, the Government will remove the advantage investors have over first home buyers."

Tax experts have since clarified that the tax rule allowing the mortgage interest of a rental property owner to be a tax deduction was not a loophole, but standard practice allowed to all businesses.

It was later revealed that Inland Revenue and Treasury officials had advised Government not to prevent rental property providers from being able to deduct mortgage interest costs.

The policy impact statements from both Government departments showed that no analysis on the consequences of this major policy change has been completed.

In order to help fill the information gap and provide some insight into what may happen due to these policy changes, the NZ Property Investors Federation (NZPIF) conducted a survey between 29 March and 2 April 2021.

Method

Property Investors Association members from around New Zealand were invited to participate through an email sent to them on 29 March and a reminder email was sent two days later on 31 March 2021.

A link to the survey was also posted onto the NZPIF Facebook page and onto the Property Investors Chat Group page on Facebook. This was done to obtain participants who were not NZPIF members and to ensure the findings from the survey were more representative.

The survey was conducted through Survey Monkey and 1,719 respondents participated. Seventy three percent of respondents were members of Property Investor Associations (PIAs).

Survey results

Overview

The survey found that respondents owned an average of 5.3 rentals each, with an average rental property value of $609,407.

Most respondents, 70.3%, do not charge tenants market level rental prices. Forty percent charged rental prices between $5 and $25 under market value, while 30% of the rental prices were more than $25 pw under market value. This shows that there is room for rental prices to increase even without market levels increasing.

Respondents paid an average mortgage interest rate of 3.42%. Just over 90% of respondents had debt on their rental property. The average increase in tax from removing mortgage interest deductibility was $15,083 per affected rental provider and $3,140 per rental property.

If this figure is representative of the total rental property owning population, then the cost of the extra tax could be $1.5 billion.

To cope with this tax increase, the majority of respondents, 76.8%, will either “increase” or “probably increase” rental prices. A further 8.9% “might increase” rental prices.

Approximately 21% of respondents would consider selling either some or all of their rental properties. About half of these would sell all of their rentals, with the other half considering selling 34% of their portfolios

It appears from these results that the Government’s new tax laws will affect the large majority of rental property owners, increasing costs by around $3,000 per rental property. Respondents’ primary response will be to increase rental prices which seems feasible given that 70% are currently below market levels.

Financial position

The survey showed that respondents owned an average 5.3 rental properties worth an average $609,868. This figure may be higher due to blocks of flats.

Removing twenty-one respondents with properties worth more than an average $2m reduces the average rental property value to $570,577.

Number rentals	Value	Debt	Net value	Value per Property	Debt per rental	Equity
5.3	$ 3,232,300	$ 1,194,600	$ 2,037,700	$ 609,868	$ 225,396	63.0%

Results show that there is a high level of equity, 63%, in the rental properties owned. This may be because most respondents are members of Property Investors Associations – see next table.

The following table shows that PIA members have a higher average number of rentals (5.3) compared to non-members (2.9). PIA members' equity is also higher than non-members, at 67.4% compared to 53.4% for non-members.

	Number rentals	Value	Debt	Net value	Value per rental	Debt per rental	Equity
PIA members	5.4	$ 3,690,000	$ 1,202,000	$ 2,488,000	$ 683,333	$ 222,592	67.4%
Non PIA members	2.9	$ 1,895,000	$ 883,000	$ 1,012,000	$ 653,448	$ 304,482	53.4%

The number of years investing also has a large effect on the level of equity and on the number of rentals and net worth.

Unsurprisingly, those who have been investing for longer have a larger number of rental properties, a higher net value and higher equity.

More experienced rental property owners have higher total debt levels. This means that overall they will be more affected by having the deductibility of mortgage interest removed.

However, this is offset somewhat by having a lower debt level per rental property. This lower debt level per property means people who have invested for longer have a lower cost per property and are therefore less likely to increase rents than newer investors. This is because the extra cost can be spread over a larger number of rental properties.

Years investing	Number rentals	Value	Debt	Net value	Value per rental	Debt per rental	Equity
0 to 2 years	1.70	$ 964,450	$ 673,340	$ 291,110	$ 567,324	$ 396,082	30.2%
3 to 5 years	3.00	$ 1,754,600	$ 1,103,500	$ 651,100	$ 584,867	$ 367,833	37.1%
6 to 10 years	3.80	$ 2,533,100	$ 1,087,500	$ 1,445,600	$ 666,605	$ 286,184	57.1%
11 to 20 years	6.20	$ 3,723,100	$ 1,356,800	$ 2,366,300	$ 600,500	$ 218,839	63.6%
20+ years	9.70	$ 5,642,900	$ 1,446,700	$ 4,196,200	$ 581,742	$ 149,144	74.4%

Rental prices

The survey revealed that a large proportion of rental property providers (70.3%) do not charge a full market rental price. This is likely a result of rewarding good tenants with a reduced weekly rental price.

This calls into question a commonly held belief that rental property owners will always charge whatever they can get for a rental property. It also demonstrates that rental providers are not as greedy as often portrayed by some opinion writers and online commentators.

Market rent level	$5 to $25 pw below	More than $25 pw below
29.7%	40.3%	30.0%

It appears that people who own and manage their own rental properties are more likely to have lower rental prices than those who employ a property manager to manage their properties.

Only 23.7% of owner managers have their rents at market levels while 39.5% of rentals managed by full time employed property managers have rents at market levels.

36.3% of owner managers are also more likely to have rentals prices more than $25pw lower than market levels, whereas only 19.7% of rentals managed by full time employed property managers will have rental prices at this level.

	Market rent level	**$5 to $25 pw below**	**More than $25 pw below**
Self-managed	23.7%	40.1%	36.3%
Employ P/Mngr	39.5%	40.8%	19.7%

Although not completely consistent, there is also a tendency for newer rental property owners to have more rents at market level compared to rents charged by more experienced investors.

	Market rent level	**$5 to $25 pw below**	**More than $25 pw below**	**Responses**
0 to 2 years	50.2%	30.5%	19.2%	204
3 to 5 years	31.3%	43.3%	25.3%	217
6 to 10 years	23.3%	41.1%	35.6%	289
11 to 20 years	29.3%	41.6%	29.0%	366
20+ years	21.9%	42.3%	35.7%	320

Bright line extension to 10 years

Previously the tax applied if the purchaser bought a property intending to sell it for a profit. This lead to some people claiming they were buying a property to rent out and then changing their minds and selling it, thereby avoiding tax.

Inland Revenue was given a high level of funds to find and tax these people who were fraudulently claiming they were rental property owners rather than traders/speculators. However this was not sufficient to stop the practice so the Bright Line test was introduced by a National Government in 2015 as a way to clarify who should pay tax when selling a property.

The NZPIF understood the reasoning behind the move but recognised that it could have an effect on genuine rental property owners who, through reasons beyond their control, were forced to sell before owning the property for two years. We recommended that a hardship clause be included in the new law so that owners with a genuine issue would not be adversely affected by the law. This recommendation was not taken up.

Despite our concerns, the vast majority of rental property owners have been holding their properties for more than two years. However, in 2018, the Labour Government extended the Bright Line Test to five years and in the latest changes extended it once again to 10 years from 27 March 2021.

This has changed the effect of the Bright Line Test from capturing the activities of Traders/Speculators to being a partial capital gains tax on rental property providers.

The new 10-year rule increases risk for a rental property owner in the event of a serious life event, such as a marriage breakup, job loss, Illness or death, meaning the property must be sold.

While respondents to the survey are concerned by the rule change, it only affected future rental property purchases, reducing the likelihood of these future purchases rather than affecting existing rental properties.

A total of 58% respondents will not be affected by the rule change or at least don't expect to be.

Just over a quarter of respondents (25.6%) would have bought another rental property but won't now because of the Bright Line test.

Bright Line	No effect	Won't buy more	Other	Increase rent?	Sell?
	69.2%	27.2%	3.5%	19.9%	4.6%

The 3.5% of "Other" reasons include:

- It unfairly targets older rental property owners planning on selling a rental for retirement purposes.
- Will move to trading properties rather than renting out to tenants.
- Will consider other investments.
- If forced to sell a property in the future, will sell ones not affected by Bright line.
- I'm very confused what to do
- It will stop me selling to upgrade to a better rental
- Will affect restructuring plans.

While many respondents did not expect to be affected by the rule change, it still increases their risk should an unforeseen situation occur. This caused nearly 20% of respondents to say they would increase rental prices and a further 9.9% saying they might to cover this risk.

Of those who indicated they would be likely to increase rents, the majority (13.2% of all respondents) would increase them by $6 to $20pw, 6% between $21 and $30pw and 6.9% more than $30pw.

Only 4.6% of respondents said they would sell some or all of their rentals, with a further 4.9% saying they might.

Bright Line	Increase rent?	Sell?
	19.9%	4.6%

Removing Mortgage Interest as a tax-deductible expense

This tax rule change was clearly the most concerning to survey respondents.

Just over 90% of all respondents have rental property debt and will be affected by this rule change. On average, each respondent will have to pay an extra $15,083 per year in tax. This equates to $3,084 per rental property.

This is a very large impact on a rental property owner's income. To cope with this new rule change, most respondents (76.8%) probably will, or will, increase rental prices, while another 8.9% said they might.

Only 14.3% said that they wouldn't consider increasing rental their prices.

The second most favoured strategy is to sell either some, or all of their rental properties.

Interest deductibility	**Owners affected**	**Extra tax per owner**	**Extra tax per property**	**Increase rent?**	**Sell?**
	90.6%	$ 15,083	$ 3,140	76.8%	21.2%

Of the 85% of respondents who were considering rent increases, most expected the increase to be greater than $30pw. The median rental price increase was between $21 and $30pw.

Interest deductibility	**Rental price increases**		
	$6 to $20 pw	$21 to $30 pw	$30pw plus
	30.0%	28.5%	41.5%

Not all respondents were equally affected. Non PIA members were more affected than PIA members. While PIA members were more affected in total, non PIA members were more affected on a per property basis.

This will lead to more non-PIA members increasing rental prices than PIA members, plus increasing them at a higher rate.

Interest deductibility	**Affected**	**Extra tax**	**Extra per property**	**Increase rent?**	**Sell?**	**Responses**
PIA members	89.4%	$ 17,704	$ 2,829	74.7%	22.1%	1,038
Non PIA members	93.7%	$ 12,927	$ 4,500	82.3%	18.4%	472

Interest deductibility	**Rental price increases**			
	No	$6 to $20 pw	$21 to $30 pw	$30pw plus
PIA members	16.7%	28.8%	22.0%	30.3%
Non PIA members	10.8%	23.7%	24.6%	40.2%

Time owning a rental property also affected how respondents will be affected by removing interest deductibility.

Virtually all respondents (98%) who owned rental property within the last two years are affected by the new rule. The new tax will cost these respondents an average $14,364 a year and $4,542 per property.

The numbers affected drops slowly as the number of years investing increases until the group of those investing for 20+ years if reached, where it falls to 78.8%. These respondents are more affected individually though, with an average tax increase of $22,174 a year.

Experienced rental providers are less affected on a per property basis however. The extra tax per property drops from $4,542 per year for new providers to $2,912 for those with 20+ years' experience.

In general, respondents with less time owning rental property are less inclined to sell because of the changes, but more inclined to increase rental prices. They may have a longer-term focus than older rental providers.

The counter to this is that respondents who have owned rentals for longer, while still heavily favouring increasing rental prices, are more likely to sell some or all of their rentals. This may be because they are nearing retirement and are prioritising income over any potential for future capital growth.

There was no discernible trend with regards to the level of rental price increases between groups who had owned rental property for different periods of time.

Interest deductibility	Affected	Extra tax	Extra per property	Increase rent?	Sell?	Responses
0 to 2 years	98.0%	$ 14,364	$ 4,542	80.0%	11.8%	204
3 to 5 years	96.7%	$ 11,916	$ 4,049	75.5%	14.2%	217
6 to 10 years	92.4%	$ 13,836	$ 3,445	81.1%	22.4%	289
11 to 20 years	91.2%	$ 18,680	$ 2,912	77.9%	26.7%	366
20+ years	78.8%	$ 22,174	$ 2,468	70.3%	23.8%	320

Compared to the response to the changing the Bright Line Test, more respondents are going to sell some or all of their rentals. The number possibly planning to sell is still a minority at 42.1%, with around half of those planning to sell and the half considering it.

Of the 558 respondents who at least said they might sell some rentals because of removing interest deductibility, 492 (88%) indicated how many they were looking at selling.

Of the 492 considering selling, 124 (25.2%) were considering selling all their rentals. Those considering selling all of their rentals tended to have fewer rental to sell. The average number of rentals owned by all those considering selling was 6, while the average number of rentals owned by those considering selling all was 2.8 rentals.

Interest deductibility	Selling			Sell all	% of portfolio selling
	No	Maybe	Yes		
	57.9%	20.9%	21.2%	11.3%	34.0%

There was little difference between PIA members and non-PIA members considering selling, except for the number considering selling all their rentals. A higher number of non-PIA members (28.9%) were considering selling all their rentals, compared to just 8.1% of PIA members.

There was a difference in selling considerations between respondents owning rentals for different time periods.

Rental owners from 0 to 5 years were less likely to sell (13%), but 37.1% of those were planning to sell all their rentals. Of those who have owned rentals for 11+ years, 25% were considering selling, but only 5.9% were planning to sell all their rentals.

Other actions

Respondents were asked an open question about the actions they were considering other than increasing the rent and selling their rentals. 508 respondents - 36% of the total - included a comment.

The most common comment (19.5%) was that respondents would no longer buy further rental properties. It was evident that not buying further rentals will be an action by a far greater percentage than this. Many of the actions were merely to enable the respondent to be able to cope with the decision to remove interest deductibility. It was an oversight of the survey not to ask respondents about their plans to buy more rental property before the announcement and compare this with the number who would not be doing so now because of the new tax rules.

The most common reaction to the new tax rules (15.9 %%) was to cut expenditure. This included cutting back on improvements, deferring repairs and maintenance, managing the properties themselves rather than employing a property manager and cutting back on personal spending in order to pay the higher tax.

The second highest reaction (8.3%) was to move to commercial property investment. This could be achieved through buying commercial, selling residential and replacing this with commercial or converting residential rentals to commercial.

Paying off loans was mentioned by 7.9% of respondents. This could be achieved by increasing principle payments (getting second jobs, cutting personal/family expenditure), using existing funds to pay off loans or selling other assets like personal items or other investments.

Either buying new builds, building themselves or demolishing existing rentals to replace with a new build rental was mentioned by 7.7% of respondents.

Thirty five respondents (6.9%) were completely unsure what they would do, with many saying they would have to do something as they couldn't afford the extra tax.

Many respondents used this section of the questionnaire just to comment on the Government's new tax policies. The vast majority were upset at the Government. Many were upset not only by the Government's actions, but also by the fact that they were being portrayed as speculators who used loopholes to avoid paying their fair share of tax.

Other Actions considered	Number	Percentage
Won't buy any more rentals	99	19.5%
Other	92	18.1%
Cut expenditure	81	15.9%
Upset at Govt	43	8.5%
Move to Commercial	42	8.3%
Pay off loan	40	7.9%
build or buy new	39	7.7%
Unsure	35	6.9%
Increase yield	26	5.1%

restructure debt	20	3.9%
Seek Lower interest rate	12	2.4%
Invest elsewhere	11	2.2%
Buy more	7	1.4%
Respondents	**508**	

A selection of the "other" comments is included below. Other comments are in Appendix A.

- Don't want to increase rents, but see little other choice. Not my fault.
- I don't want to have to increase the rent purely due to this action but I won't have a choice as I cannot pay an additional 10k per year to house people
- Don't trust the Government not to change other rules
- Concerned about the low yield you are likely to get on a new build rental property.
- We can no longer help our daughter into her first home
- Suggesting to tenants that they buy the house and lease the land from us.
- Please tell me what we should do?

Conclusion

The key outcomes from the NZPIF survey are:

- 62.9% of respondents did not think they would, or hoped they wouldn't, be affected by extending the Bright Line Test.
- Just over 90% of respondents will be affected by disallowing mortgage interest to be used as a tax deduction.
- The average total extra tax per rental property owner is $15,083 per year, assuming mortgage interest rates don't increase.
- This rule change will cost respondents an extra $3,140 a year in tax per property, assuming mortgage interest rates don't increase.
- 98% of respondents who bought rental property in the last two years are affected with a tax increase of $4,542 per year per property, with 78.8% of those investing for 20+ years being affected at a cost of $2,468 per year per property.
- The main way to cope with the tax increase (76.8% of respondents), is to increase or probably increase rental prices. A further 8.9% might increase rental prices.
- The median rental price increase is between $21 and $30 per week.
- 70.3% of respondents do not currently charge tenants full market level rental prices. Forty percent have rental prices between $5 and $25 under market value, while 30% have rental prices more than $25 pw under market value.

While investors are concerned that large and negative event, such as death, divorce, job loss plus serious injury or disease may force them to sell their rental properties, the majority of respondents hope they will not be affected by the Bright Line extension.

The vast majority of rental property owners will be affected by removing interest rate deductibility. On average it will cost each investor around $15,000 in higher taxes or $3,140 per property.

Investors will incorporate a variety of methods to cope with the higher taxes, with the most likely response being higher rental prices between $21 and $30 per week.

While investors are not comfortable with increasing rental prices, respondents feel that this is their only real option for coping with the higher taxes caused by removing interest deductibility. With 70% of them not currently charging market rate rental prices, there appears to be room for rental price increases.

Appendix A: Other comments and reactions to new tax rules.

- I will have to find part time jobs to cover the new tax 😪
- Again, because I will keep my rent at market value, even though I do not carry a mortgage, I expect I will benefit from the market increase arising, due to interest no longer being a deductible tax expense
- All 9 of my properties I have purchased land and developed brand new. I philosophically want to add housing stock. These are all less than 3 years old. How is this all fair?
- As a property investor I rent at market value, which is generally driven by supply and demand. If the market value goes up, then my rent will go up, but not sure how you can ascertain if that is a result of the interest deductions or not
- As I own blocks of flats on one title they can't be sold to owner occupiers and if investors can't clam the interest as a taxable expense there will be little demand for them thus wrecking my retirement
- Changing the ownership of one property from my family trust to me personally as my family home.
- collect all rent in cash
- Complaint to human rights commission for discrimination.
- Considering our mix of old dwellings and new builds
- Considering turning one of the properties into a holiday home, or passing on to my son to live in with a flatmate.
- Deed of lease sign with a community housing provider
- Definitely relook at the performance of my portfolio, and possibly remove the lower performing assets and replace in other locations with others
- Delay/not building a multi-unit apartment to build and hold.
- Delaying property development (renovation for added accommodation) for at least 6 months.
- Development put on hold
- Encourage other property investors to sell up and advise young investors not to buy!
- Endeavour to convince people the solution to the housing crisis is to incentivise the building of new properties which will be stimulated by a strong market, not one ruined by the current bunch of rabid socialists.

- Even though this change does not affect me I am now going to move all 3 rentals to full market rents as this image driven government are likely to bring in more ideological policy such as rent rise ban so instead of being kind to my tenants as I have been for last 22 years rents will now go to full market rates
- Explaining to the tenants why rents going up around $60 per week and say if labour get voted out I'll reduce the rent.
- Fix interest rates short term 1-2 years to get lowest rates. Negotiate a pay rise with employer to cover cash flow shortfall, increase rents long term depending on market values.
- Help family with property rather than being a landlord.
- Hike rents and move to some other business venture
- Hold on for the supply to dry up due to forced sales and demand to increase pushing rents up even more
- Hopefully someone smart comes up with a way to make "more expenses" legitimate to claim against property investing or the rents will have to go up to cover the costs of "business" Thanks to Labour!
- I am in a reasonable financial position to accommodate the tax increase, I will need to ensure I am keeping my rentals at market rent. Note I am also planning to demolish one home and replace it with three additional new build rentals (buy and hold)
- I don't want to have to increase the rent purely due to this action but I won't have a choice as I cannot pay an additional 10k per year to house people
- I house two families and three beneficiaries in my properties, this will be up to 5 houses needed to rent...... all would need social housing as can't afford market rates
- I will be increasing rents. If I am unable to increase the rent to match the increase in costs then I will likely have to move myself. My rental property is my only home and I have it rented out in order to rent another house as I had to move away from the area for work. Without increasing rents on my rental property to match increased tax, I won't be able to afford my current rent where I live.
- If I buy more property I will have interest so it's just a calculation to make
- If they hit us with this, in a year we build, it will reduce the loss we have to carry forward.
- Increasing my work hours to cover any shortfall
- It will likely put me cashflow negative on existing property which is likely to delay my next purchase. It could also impact my ability to take on maintenance and upgrade work on the property due to reduced cashflow.
- It's a new expense that needs to be recovered for us to be able to provide good quality housing/accommodation for people who need it.
- Just increasing rents and making sacrifices to my personal expenses to try and keep the portfolio alive.
- Keep my current IP as long as I can, for our retirement and or to help kids out for their future.
- Less aggressive leveraging in future
- Look to get a new valuation on properties and put as much interest expenses as possible against the properties I have for the next 4 years as still wanting to buy further hold properties

- Maximise rentals on every property to future proof my investment against such and possibly other grossly unfair law changes in future, treat the tenants strictly as a business customer through the property agent - forget being kind beyond what the contract and the law says.
- May develop a site if I can get the funding but the change to deductibility will change the servicing of it, making it harder
- May not purchase further rentals
- My calculation of $24,584 increased tax pa is based on 3.38%. If average interest goes to 5% (only), my new extra tax bill increases to $38,120. Based on modelling I have done, I can be making over $100k in profit (10 years' time) and paying $100k in tax)
- My opinion is that tenants have been subsidised by the landlord's ability to recover tax. My approach is to achieve a cash flow neutral change ie any additional costs are passed on as my rents are already fair to both parties. My concern is that tenants may not be able to fund further rent increases and will be looking to the government for solutions
- My properties are split into 13 units and have a reasonable turnover. I assess market rent whenever we have a changeover of tenant. I imagine that market rents will increase as others have to increase their rents to compensate for loss of interest deductions, -so this will "drag" my rental charges upwards
- None at all. I don't have a problem with the new rules.
- None of my tenants had rent increases yet, I only increased when tenants moved - new tenants start with market rents. Now I will bring all existing tenancies up to market rent (small increments each year, in the next 4-5 years), some of them will see overall increases over 100$/week
- Obtain valuations for chattels and start claiming depreciation.
- Our children are looking at investment properties and are now considering industrial units.
- Planning to increase tax deductible expenses
- Please tell me what we should do?
- Putting up rent shouldn't be the way to combat this, but seems to be the only way thanks to the short sightedness of this policy
- Quitting work so marginal tax rate will be less!
- Reconsidering how I use the equity in my rental properties for other investments. I was planning to purchase land however to do this now the more feasible (and expensive option) is to sell one of my rentals to make this work financially, given I can't claim the interest expense on the existing rental properties. It does reduce my options which is annoying more than anything else. Definitely an unintended consequence in my opinion.
- Redeveloping
- Refusing to pay the extra tax (which will more than double my tax bill).
- Removal of tenants and providing to Family members usage instead
- Removing the tenants and live in the property myself
- Same as before. We normally buy larger sections and put tidy 2nd hand Relocatable houses on them. Now we will sell these, likely to owner occupiers that won't develop the sections - and we will buy new

builds. But we won't buy as many new builds as they are a lot more expensive than our current/previous strategy. Net effect will be less rentals available.

- Save or take out a small loan to pay extra tax
- Signing a petition to call for this to be retracted. Protesting the decision Actively campaigning against the labour government Join the NZPIF
- Sit this out
- The above wouldn't let me write anything other than numbers so I have put all of my rentals, all 23. I would be looking to sell them all MUCH sooner than ever envisaged. Haven't decided just yet but will likely start selling them down as soon as the interest deductions allowed have reduced to zero, in 2025. Possibly start sooner if I can't soak the extra tax bill because my property portfolio is not profit producing as a whole yet so it's all just extra tax I have to pay in the short term. Definitely looking to sell down, once no interest can be deducted, if that rule hasn't been reversed by another government at that time.
- The properties I sell are all valued around $800,000 - $900,000 and well outside the first home buyers' market. This does not benefit first home buyers or tenants.
- Thinking of changing to providing homes for families to renting per room. Currently I rent twò three bedroom homes to two families for $400 per week each. Renting per room I could get $160 per room or $480 per week for each house.
- Try to claim more expenses
- Unable to afford routine maintenance
- Walk away from any business whatsoever, (we already closing two) and apply for social housing and benefit. And finally relax, have a great time by seating on the couch with big bottle of beer.
- We are stuffed. Only had the property 6 months. If we can afford the extra tax, we have to increase rent. If that doesn't work we have to sell and will get stung Capital Gains.
- We bought a sale of a rental house forward from 31st March to the 26th March so the new purchaser could still claim against interest payments for the next 4 years
- We can no longer help our daughter into her first home
- We had a plan for my 44 year old sister who has a long term illness and three kids. She is not allowed to drive and can't work. We had a plan to have a couple of hundred per week from her rental to help pay for her family now she will actually have to pay to keep the rental. Very disturbing for her as was entirely unexpected
- We were going to rent it long term but are moving to short term renting
- We've seen some landlords are considering leaving a property empty, so would possible look at this scenario also unfortunately.
- While I have debt I have cash which offsets the debt so no interest payments. This continual heat from govt certainly alters the viability of leveraged rentals and makes going into commercial more attractive.
- Would like to challenge the removal of interest claims As paying interest is biggest burden paying off a property To me this is an expense
- Writing to tenants to explain reasons for rent increases. Suggesting to tenants that they buy the house and lease the land from us.

- Yep buying a 700 Horse power Camaro.... That's tax deductible
- Yes, all properties will be lifted to market rents, this is about $30-$50 per property. This comes on top of Healthy homes insulation costs, heating costs and covid recovery. Benefits from low interest rates are now coming in due to fixed interest periods only just coming up for review. Also looking to sell down properties to pay down the mortgages. I expect the govt to next remove interest only payments and fix rent levels. I have never considered raising rents as much as I will be since Labour made these interventions. The more they regulate the more expensive everything becomes. I'm left with no choice but to raise rents to cope with these changes. My long term investing plans for retirement over the last 30 years are about to be ripped apart!
- Yes, I may demolish existing property and develop site if those new builds will in fact qualify as such and interest is deductible.
- Yes, we subsidize some tenants with extra low rent, that would stop
- 1 house this applies. 2 new builds in pipeline are hopefully not affected. If they were I'd be off-loading 1 and bearing the tax cost on the other.
- 1 sale now would pay off my mortgages. If I was in my early days of investing, it would be a more challenging decision.
- Don't buy any more investment property unless yields increase by circa 1.5%. 2. Reduce my spending and direct my spare cashflow towards paying off debt.
- Spending less on non-essential improvements for tenants. 2. Only look at spending options that increase my yield. 3. Possibly build further units on my property, with the aim of clawing back some of the lost yield as a result of the new law. I will only do this if it benefits me financially overall but it will arguably degrade the immediate locality and wellbeing of existing tenants as the area will be more populated.