

Cracking down on speculators

THE ISSUE

The Kiwi Dream of homeownership is slipping away. Only a quarter of adults under 40 own their own home, compared to half in 1991. Homeownership is at its lowest level in 65 years. Out of control house prices are putting homeownership beyond the reach of middle New Zealand.

Speculators flipping houses for quick capital gain are out-bidding families looking to buy a home for themselves and forcing up house prices at a dangerous rate. The current government's policies have been half-baked and half-hearted.

The current government implemented a bright line test last year, requiring property investors who sell a house within two years of buying it to treat any net gain on sale as income for income tax purposes. This has had little impact on the rapid rise of house prices because two years is too short a period to affect speculative behaviour.

Overseas speculators are a significant factor in the out of control rise in house prices. Kiwi homes should not be gambling chips for overseas speculators. The current government's requirement that foreign buyers have an IRD number had only a temporary effect.

LABOUR WILL:

- **Tax speculators by extending the bright line test to five years**
- **Ban non-resident foreign speculators from buying existing New Zealand houses.**
- **Consult on rules around negative gearing to prevent abuse by speculators**

The current exemptions from the bright line test will continue. Labour will never apply the bright line test to owner-occupied homes or inherited properties. It will be grandfathered, so the extension to five years will not apply to houses bought before the change comes into effect.

Labour's ban on non-resident foreign buyers purchasing existing houses will be based on the Australian policy. Removing this speculative demand from the market will help stabilise prices and give Kiwi families a fair shot at buying a place of their own.

Negative gearing can be used by speculators to make taxpayers subsidise losses on their properties. This is effectively a subsidy for speculation. Labour will consult on ways to close this loophole.

This is part of Labour's comprehensive housing plan:

BUILD MORE AFFORDABLE HOUSES

- Build 100,000 affordable homes across the country
- Create an Affordable Housing Authority to fast-track development in our cities
- Remove barriers that are stopping Auckland growing up and out
- Grow the building workforce

CRACK DOWN ON SPECULATORS

- Ban foreign speculators from buying existing homes
- Tax property speculators who flip houses within five years

SUPPORT FOR THOSE IN NEED

- Require all rental homes to be warm, dry, and healthy
- Focus Housing New Zealand on helping people, not making a profit
- Help 5,100 more Kiwis into emergency housing every year

