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# The \$2.6b empty land claim

The Reading site's valuation slump sparks fresh calls to change how rates are charged

WELLINGTON CITY COUNCIL  
Tom Hunt

A group calling for a rating system rewrite says there is \$2.6 billion of vacant or “critically underused” land in Wellington with one site – Reading on Courtenay Place – just getting an almost \$60,000 rates reduction.

The call for a new rating system is only fully backed by one leading mayoral candidate, partially supported by another, and opposed by the other three – one of whom claims it will heap more costs on the poor.

The Wellington City Council tried and failed to buy the Reading Central land on Courtenay Place for \$32 million in 2023. The the latest rating round – in which households around Wellington took a 12% rates hike – saw the Reading property drop in value from \$28.8m to \$18.7m. Its annual rates bill in July reduced from \$498,000 to \$440,000.

Overhauling the rating system – so rates are charged on land value rather than land plus what is built on it – has long been touted as a fix to stop land-banking, as owners would pay the same rates regardless of what was on the land. Lumping all properties together based on land value only would theoretically inflate rates for under-used land and reduce rates for fully utilised land.

The Wellington City Council was meant to be looking at overhauling the rating system a year ago but this was delayed after the long-term plan was up-ended in 2024 and the council had to spend a year re-working it.



The Reading site is included in the \$2.6 billion in vacant or underused land, but developer Eyal Aharoni has pledged to fix and reopen the complex. MONIQUE FORD/THE POST

Now Common Ground Aotearoa, which crunched the numbers after the last ratings values were released, says there are 2685 properties in Wellington City with a \$0 “improvement value” – meaning all their value is based on the land rather than the buildings.

Common Ground researcher Jesse Richardson said information supplied by the council under an official information request said “vacant or critically under-used” land citywide had a total current land value of more than \$2.6b.

While the Reading land is included, it was recently bought by developer Eyal Aharoni, who has pledged to fix and reopen the seismically prone complex.

Mayoral candidate Alex Baker has a land-value system central to his policies and said the current settings “penalise building homes, while rewarding land-banking and slum-landlords”.

Candidate Andrew Little committed to investigating land value rates and supported the strengthening of an existing targeted rate on derelict properties.

But candidate Karl Tiefenbacher said the data was “questionable” and 40% of the increases would fall on those who would least afford it – those in cheaper homes.

Candidate Ray Chung opposed land value rating as “too difficult”. There were not enough commercial land sales to set a fair

price and the onus would unfairly fall on a small number of commercial owners, he said.

Candidate Diane Calvert said a land-based system would mean “years of disruption, carries questionable value with unintended consequences, is out of step with the region, and is not a priority for me”.

Current mayor Tory Whanau, running for a councillor seat in the upcoming election, backed calls for land value-based rates while warning that it would not necessarily mean lower rates for all home owners.

The council in early 2024 introduced a 400% rates increase on vacant or derelict inner city land with Readings’ rates then

at \$318,960. But instead of rising to almost \$1.6m, they rose to \$498,071 in the last financial year before dropping to \$440,196 in July.

Councillor Geordie Rogers, who backs land-based rates, said the marginal increase was because commercial buildings already get a 3.7-times multiplier on their rates and the 400% increase only applied to the base rate.

Councillor Nureddin Abdurahman pledged to investigate land-based rates while Rebecca Matthews pledged to push for the new system.

The council was asked for comment and if it had any doubts about the Common Ground numbers.

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