

Dear Sirs

As a resident impacted by the proposed review on rentals for domestic waterfront tenancies, we submit the following in response to your review:

The proposed formula will have a significant, and unreasonable impact on the waterfront rental. Most importantly, the formula for the increase is flawed:

- a) There has been no public consultation on the matter, in order to obtain a wide range of views. As far as I know, no notification of the individual households affected has been given. Without proper discussion, how can your final report take account of the community view on this matter?
- b) The terms of reference imply that there is a market. However we have been notified that when our home is sold that the lease will not be offered to any new purchasers, and that the structure must be removed. This means that there is no market and no tenure - so therefore there is no market value upon which to "align rental returns".
- c) The increase in fees appears to be justified by the fact that they haven't been increased for a number of years. Whilst this may be so, it is unreasonable to use this justification to increase them by 500% - an amount which far exceeds any other increases in the market place, and it most certainly bears no relationship to inflation.
- d) The rental formula proposed takes account of the valuer general's statutory land value (of adjoining waterfront precinct). As such the value of the land under the mean high watermark is accounted for and to use this as a basis for a rental formula means that you are effectively charging twice for the same thing.
- e) Rate of return on waterfront properties - the 6% quoted is unrealistic and unattainable - and if it were it would not be sustainable. Actual rental returns on waterfront properties are closer to 0.5% and 2% per annum. It would be interesting to see the basis upon which your assumption has been made, as I find it fanciful.
- f) The proposed formula utilises the land value of the adjoining property. This implies it has the same value and that there is a market value, which is not so, because:
  - i. The public is allowed to use the land - we have no exclusivity.
  - ii. Licenced area has no livable structure.
  - iii. Licenced area is not freehold.
  - iv. No right of transfer if property sold.
  - v. Licenced area cannot be rented out.
- g) It is inequitable and inconsistent to apply GST to this new rent, when residential rents are exempt.

I would suggest that if we were given the right to transfer a lease on sale of the adjacent home, and some level of fairness or equity were included into the arrangement that it is reasonable to increase fees - but not by 500% in one hit.

Because there is no tenure and no right to transfer and no opportunity to amortize any improvement, only the current rental arrangements being continued is supportable, with CPI being applied.

Furthermore, as no formal advice has been given to leaseholders, there will be many in the community who are unaware of this proposal, or who have been unable to give it due consideration due to shortage of time. As such there should be an extension of time for submissions, plus a formal notification to those who are impacted. This will ensure that all the views of the community are considered fully.

Liz Walden & Bart de Haan