

RAY WHITE LANDLORD EVENT

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Methamphetamine

One of the most topical issues currently facing New Zealand landlords is that of Methamphetamine, or 'P' as it is commonly known. It's important for all investors to understand their responsibilities around this issue as well as the very real risks it can present for you, your tenants and your property.

What do landlords need to know?

Methamphetamine is an issue that isn't going away anytime soon, with a recent Ministry of Health survey stating that at least 1% of the general population would class themselves as a 'regular user' - and this number is increasing.

Damage caused through the use and production of this drug can lead to serious health problems for those who inhabit contaminated properties as well as significant financial implications for owners of affected properties.

Insurance companies across NZ are reacting to the ever increasing claim numbers and have implemented many changes in this space over the last 12 months, including increased cost of premiums for landlords, higher excess amounts, and a lowering of claim caps to levels where in many instances your cover may not pay for all remediation costs.

What are the best practice steps for landlords?

Whilst there is no law stating that Methamphetamine testing is a requirement for landlords, we advise that pre-tenancy baseline testing is the most effective step to help protect yourself and your investment.

A baseline test is the only real way to pick up on any presence prior to a tenancy beginning and at the tenancy's conclusion, a negative result will ensure you're positioned correctly to help place liability and financial repercussions associated with contamination onto those who caused it.

Simply put, a lack of baseline testing makes it incredibly hard to prove liability of tenants.

Prevention also stems from adequate tenant selection and initial vetting of all applicants who may apply to rent your investment property. The use of correct Tenancy Agreements, that will allow for you to test for Methamphetamine during a tenancy if required (where correct notice is given), is also crucial - many landlords are not using the most up-to-date templates for this.

What are the different methods of testing for Methamphetamine?

There are varying methods of testing properties for methamphetamine contamination and they are definitely not created equal. Each method has its own place depending on the situation and cost etc, and it's important that you understand the differences.

Method	Description	Advantages	Disadvantages
Field Composite	<p>Individual samples are collected and combined as one sample in one tube and sent to a lab.</p> <p>Result given is a combined total for all samples.</p>	<p>Lower upfront cost for the tester/landlord.</p>	<p>As a cumulative result, it can be misleading and alarmist.</p> <p>All further testing requires site visits.</p> <p>Landlord incurs unnecessary cost and time delay.</p> <p>Remediation activities are delayed.</p>
Lab Composite	<p>Swabs are individually collected in the field and sent to the lab in their individual tubes.</p> <p>Lab will take sample from each tube and test for one combined result showing an average reading.</p> <p>If presence is detected, further analysis on individual samples can be easily undertaken.</p>	<p>Samples can be separated and analysed individually without anyone returning to site.</p> <p>Lower costs to undertake further analysis on samples.</p> <p>Faster turn-around time to have clear view of problem and location(s) enabling quicker remediation</p>	<p>Higher upfront cost for the tester/landlord.</p>
Individual Samples	<p>Swabs are individually collected in field and sent to the lab in their individual tubes.</p> <p>Lab processes each sample individually and these are reported on accordingly.</p>	<p>All samples are processed individually and reported on accordingly.</p> <p>Faster turn-around time to have a clear view of the problem and its location, enabling a quicker remediation plan.</p>	<p>Significantly higher upfront cost for the tester/landlord.</p>

New testing and decontamination standards - NZS 8510

Standards New Zealand is a business unit within the Ministry of Business, Innovation and Employment that specialises in managing the development of industry standards. In 2016 they appointed a committee that included over 20 expert industry members from the fields of lab testing, local councils, insurance, legal, and more, to develop a set of standards around methamphetamine.

On the 29 June 2017 New Zealand Standard 8510 (NZS 8510) was officially released - placing structure and regulations around methamphetamine testing, cleanup and decontamination.

These new standard, and rules, flow down through to the laboratories that analyse samples taken from methamphetamine contaminated properties; health, safety, and environmental regulators; property owners, property managers, councils, and insurers.

NZS 8510 has placed significant guidance on methodologies, procedures, and other supporting material to ensure a consistent approach to managing the testing and decontamination of affected properties.

For landlords and investors there are three key changes (amongst others) brought in by the new standard that should bring significant peace of mind:

1. Maximum allowable contamination levels of a property have been set at levels in line with worldwide standards.

The new maximum levels for a property to remain habitable without requiring further decontamination are:

- 1.5 µg/100 cm² in any high use areas
- 3.8 µg/100 cm² in any limited use areas

A 'high use area' is defined in the standard as an area in a property that can be easily accessed and is regularly used by adults and children. E.g. living areas, bedrooms etc.

A 'limited use area' is defined as an area that is likely to be accessed only by adults and for short periods of time. E.g. crawl spaces, wall cavities, under floor areas.

These new levels differ slightly from 2016 Ministry of Health recommendations due to the practicability of enforcing multiple levels in situations where it is often difficult to prove if contamination was caused by use or production.

For more details please see NZS 8510 which can be access at no cost by browsing the following address:
www.standards.govt.nz/assets/Publication-files/NZS8510-2017.pdf

2. The standard has confirmed that from now on there must be a clear separation in duties between those who test for contamination at a property and those who are involved with its cleaning and remediation. Specifically, the standard states 'Screening samplers shall be independent from decontamination contractors and avoid any other potential conflicts of interest.'

This is a significant move towards providing transparency for consumers by removing any possible conflict of interest - which may have previously existed.

3. The third key update that the standard has provided is the need for testers and their companies to be properly accredited. This is a long awaited requirement to ensure the industry (and those who are making some serious decisions that can affect your investment) are all working to the same standard. Specifically, NZS 8510 states:

‘Sampling and testing providers shall be accredited to NZS ISO/IEC 17025 or AS/NZS ISO/IEC 17020 as applicable with a scope of accreditation that includes the requested work’ and;

‘To provide confidence in inspection, sampling, and testing, on which a clearance certificate may be based, reports and certificates for inspection, sampling, and testing shall be endorsed by their accreditation body.’

The standard committee acknowledge that some provisions of the NZS 8510 standard, such as the accreditation requirements, will require some ‘lead-in time’ to implement. Nevertheless, these are all hugely positive steps in tightening up this industry and the way in which it conducts its business.

For more information on the new standard and how this affects you and your investment, please speak with your Ray White property manager.

How can a Ray White property manager help?

Our property managers have access to a comprehensive Methamphetamine risk management policy aimed at educating staff on how to recognise and deal with any such activity that may occur at one of our managed properties. Our offices are also provided with a full suite of appropriate clauses and acknowledgements for Tenancy Agreements to ensure incoming tenants are aware this is something we can be checking for and are aware of.

All Ray White property managers also have access to tenancy law specialist advisors who can guide clients through these situations if or when they may occur.

Where can I get more information?

We recommend all investors speak with a Ray White property manager if you have any concerns or questions around how Methamphetamine may affect your property or insurance.

Alternatively you can seek the advice of Methclear NZ by visiting www.methclear.co.nz or calling 0508 638425