



RayWhite



100% Property Management

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Managing properties is a complex and demanding business that requires skill, time and knowledge in order to be done effectively without putting yourself or your tenants at unnecessary risk. Property management has become a specialised field with vast legal implications.

As our landlords are now well aware, legislative changes continue to impact the requirements we must adhere to in respect of documentation provided to tenants relating to their rental property. Since July 2016, we have been required to provide an Insulation Statement in all new tenancy agreements. As of August 2019, the additional requirement of an Insurance Statement outlining whether or not the property is insured and the excess amount of any policies. The next hurdle for our landlords to work through and comply with involves the varying components of the Healthy Homes Standards. Over the next 18 months there are two significant dates to be aware of as far as Healthy Homes Standards are concerned. The first date is July 1, 2020. Why is this date important? Because from this date you need to include a Healthy Homes Statement (see page 2).

My role is to add value over and above the traditional functions of property management. This quarter we will be holding an event open to all landlords, and we would love to see you there. See details under Landlord Event on the last page. Our specialised and industry leading guest speakers will educate you on the vast changes in the Residential Act, the Healthy Homes Bill, the introduction of loss ring-fencing rules and what you can claim this End of Financial Year.

Our team of 10 are dedicated to providing you with the best experience possible and to helping you achieve your real estate goals. We want you to feel at ease and know you can trust and rely on us to keep your best interests at heart. I welcome your call or visit anytime.

Kind regards, Katie

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Healthy Homes

In December 2017, the Government passed the Healthy Homes Guarantee Act Regulations 2017. This Act amended the Residential Tenancies Act, and enables standards to be made to make rental homes warmer and drier. The standards set minimum requirements to create warmer, drier rental homes (the Healthy Homes Standards).

As of the **1st July 2019**, a 'Statement Of Intent To Comply' is required under section 13A(1CA) of the Residential Tenancies Act. This document verifies that the landlord intends to comply and will provide the required information to the Tenants before and no later than when they have a legal obligation to do so.

As of the **1st July 2020**, the information provided in regards to regulations 34 to 39 of the Residential Tenancies (Healthy Homes Standards) Regulations 2019 must be stated on the Tenancy Agreement or any lease renewal. For tenancies that commenced on or after 1st July 2021, the standards become law and are effective immediately. For lease renewals after 1st of July 2021, the landlord must comply with the standards by the 90th day of the renewal takes effect. For all other tenancies, for example, in long term tenancies, the standards become law by 1st of July 2024. Landlords can have confidence that getting on to the work now is in the best long term interest of their rental properties.

Heating: there must be fixed heating devices, capable of achieving minimum temperature of at least 18C in the living room. Some heating devices are inefficient, unaffordable or unhealthy and will not meet the requirements under the heating standard. If you have multiple living rooms, the "living room" is classified as the largest of the rooms. Consideration must be given to open plan homes which do not have a closed off living room.

Insulation: ceiling and underfloor insulation is now compulsory in all rental homes (1 July 2019). All new tenancy agreements must include a separately signed insulation statement that covers what insulation the home has, where it is, and what type.

Ventilation: Ventilation must include openable exterior windows in living room, dining room, kitchen and all bedrooms. Also an appropriately sized extractor fan(s) in rooms with a bath or shower or cooktop. Not just any fan will do - they have to have a minimum extraction capability.

Moisture ingress and drainage: Landlords must ensure efficient drainage and guttering, down-pipes and drains. If rental has an enclosed sub-floor, it must have a ground moisture barrier if it's possible to install one. This will affect many, if not most, of our South Auckland rental properties.

Draught stopping: Stop any unnecessary gaps or holes in walls, ceilings, windows, floors, and doors that cause noticeable draughts. This includes all gaps more than 3mm. All unused chimneys and fireplaces must be blocked.

Healthy Homes Statement

The Healthy Homes Standards deadline may be quite some time away but if you don't have a plan for your property, the work and costs could seem overwhelming. Now is the time to inspect your rental and identify what work needs to be done by each deadline.

The next legislative deadline that impacts you will take effect from 1 July 2020. From this date, landlords will need to provide a comprehensive Healthy Homes Statement in all new or varied tenancy agreements. Failure to provide a statement, or one that is complete and accurate, will result in financial penalties for landlords by way of Tenancy Tribunal fines and compensation awarded to any affected tenant.

So what do you need to do?

The first objective is to ensure that you have the data to be able to provide all the details that are required for the Healthy Home Statement. We recommend that when you do your next round of standard inspections list down everything that needs to be done or what you need a professional to assist with.

The information required in each statement is quite specific, and will need to be backed with evidence and measurements if requested by the Tribunal.

Ultimately, this is just Stage 1, where the legal requirement is to identify and report. Stage 2 is to actually ensure that the rental property complies with all the standards (1 July 2021).

A further advantage of this statement is that the information it provides allows you to plan and form a budget around what work may be required to bring the premises up to compliance before 1 July 2021. As with what happened with insulation, the market may look to increase prices as the compliance date looms, pressure on tradespeople increases, landlords choices dwindle, or there may be delays in organising if a last-minute rush occurs.

We encourage all landlords to get their property compliant now rather than later and avoid any potential financial penalty.

Want to learn more?

Come to our Rent Event and find out more about the Healthy Homes obligations and compliance deadlines. We will include a Healthy Homes checklist and statement. Alternatively, contact Katie on katie.adam@raywhite.com

Healthy Homes Compliance Costs

Most rental properties in New Zealand will need some form of work done to meet the new standards and prevent the risk of landlords incurring fines associated with non-compliance. The ability to claim back expenses incurred through complying with the healthy homes standards will vary depending on the existing condition of the property and what work needs to be done.

The rules around the tax deductibility of residential rental property expenses are, in theory, quite simple, and the condition of the property on the day you acquired it establishes the benchmark. Any subsequent expenditure incurred in getting the property back to that condition is a legitimate tax-deductible expense, but any spending on improving the property beyond the condition it was on that day is classed as capital improvements and is therefore non-deductible.

Examples:

Repairing a broken extractor fan that already exists to comply with the healthy homes standards is a claimable expense. Upgrading an existing extractor fan that is not powerful enough, or installing a new extractor fan where none existed previously would be a capital expense so that cost is not deductible.

Repairing an underfloor moisture barrier that has degraded over time would be classed as a repair and a claimable expense. Installing new underfloor moisture barriers that did not previously exist would be classed as a capital improvement so would not be a claimable expense.

If the healthy homes standards work required at your rental property is a mixture of upgrades, repairs and new installations, we recommend you speak with a chartered accountant to ensure you are complying with IRD requirements

Too hard basket?

Let's talk about it...

As a property investor you are probably feeling under the pump these days with a raft of compliance obligations affecting your portfolio. Having your property professionally managed is an investment in ensuring your asset is being maintained to the highest standard and your risk is minimised.

We can ensure you have peace of mind with compliant tenancy agreements, minimum vacancy periods, access to the best systems for vetting applications, reference and credit checking, access to the best tenancy law advice and support, comprehensive inspections and reporting including Healthy Home checks and rent reviews.

Top 10 Office for Best Rent Arrears

GOOD NEWS for Landlords

We are proud that we are in the Top 10 property management business for Ray White in managing arrears. We understand your investment is a business transaction and loss of income can cause you not only financial strain but personal stress.



At City South Rentals, we have a zero tolerance policy for rent arrears and do not tolerate late or missed payments by our tenants. This policy is carefully explained to all tenants at the start of the tenancy to avoid any misunderstandings that may arise at a later date.

All initial rent payments are due prior to the start of the tenancy, with automatic payments being the most common payment method to ensure the security and timing of each and every future rental payment. Rental payments are reconciled and allocated daily.

In the event that a tenant does miss a payment, then the following steps are taken:

We immediately contact the Tenant by phone or text to request the funds in arrears be paid right away and a 14-day notice of breach letter is issued. This is followed up vigorously to ensure the landlord is in the best position to take further action if necessary. As Tenancy Tribunal mediators and hearings often require a wait time of up to three to six weeks.

If payment is not received after contact has been made, and a breach notice sent, then an application is made to the Tenancy Tribunal for a mediated hearing. This will enable a monetary court order to be granted against the Tenant(s) and in some cases, possession of the property will be requested.

LANDLORD INFORMATION GUIDE

Want a copy?

Contact
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citysouth®
POWERED BY RayWhite

THE
RENT
EVENT



Landlord Rent Event

The New Zealand tenancy space has seen more change in the last 18 months than in the last 18 years combined - and more is on the way. The Rent Event is designed to help landlords understand these changes and how they may impact your tenancy. City South Rentals are proud to bring you our 4th annual event and invite you to join us at Gateway Takanini for free education, resources and the opportunity to gain much needed clarity in a time of significant change.

Register Today

ONLINE: citysouthrentals.co.nz/rentevent

Or contact us to find out more

EMAIL: citysouthrentals.nz@raywhite.com

PHONE: 09 269 0600

6 Months Since We Moved

By now, hopefully you know where to find us.

We are a member of REINZ

The Real Estate Institute of New Zealand (REINZ) is an organisation representing practitioners in the real estate industry. REINZ and its members are committed to developing and enhancing the real estate industry by providing excellent customer care and upholding excellent standards of practice that are open, ethical and honest. As a member of REINZ we support this objective by abiding by the REINZ principles in all our dealings with our clients, customers, other members of REINZ and other members of the real estate profession. Although REINZ is not the industry regulator we understand it is essential for our members to adhere to the rules set out by the Real Estate Authority (REA). In addition, REINZ has their own codes of practice which members are also required to abide by as part of our membership.

We are a member of LPMA

Leaders in Property Management Association is a group of professionals made up of the very best property management practitioners and companies. LPMA are at the forefront of New Zealand property management best practice and to find solutions for industry challenges.

When:

Tuesday, 24 March 2020
6.00pm to 8.00 pm

Where:

City South Rentals
Takanini Gateway
14/108 Great South Road
Takanini

