

Property Investor

Courtesy of Buy West Property Management

Proceed with caution on meth

Landlords should continue to tread carefully when it comes to the spectre of meth contamination – despite the release of the game-changing Gluckman report.

By Miriam Bell

Fear of meth contamination has had New Zealand firmly in its grip in recent years and that's led to the rise of the meth testing and cleaning industry which has cost many landlords dearly. So the Prime Minister's chief science advisor, Sir Peter Gluckman's, report into meth contamination houses, which found there are no health risks from third-hand exposure to meth, has had a bombshell effect.

Housing NZ announced it was changing its approach to the testing and decontaminating of its properties, while the NZ Property Investors Federation welcomed the report but noted the high costs involved for many to date. Minister of Housing Phil Twyford says the report provides a scientific basis for acceptable levels of meth in the New Zealand context and that, along with the 2017 meth standard, it will contribute to any new regulations made under the Residential Tenancies Amendment Bill (No 2).

That Bill will soon have its second reading in Parliament and Twyford expects there will be a public consultation document on meth regulations ready later this year.

But it is important for landlords to realise that, while change may be in the air, the levels set by the NZS 8510: 2017 standard remain in place. Sir Peter's report might call for a new meth testing regime, with higher levels properly based on risk, and with tighter regulations for the testing industry - but no such regime exists yet. Auckland Property Investors Association vice-president Peter Lewis says landlords should continue to be careful and take sensible precautions with their rental properties.

The report shows a sea-change in views on meth contamination and is likely to be a game-changer for public perceptions of the issue, but it remains to be seen what will happen in real terms, he says. "In my view, the real test will be how the Tenancy Tribunal deals with the report.

There are likely to be some meth contamination cases coming up soon and how the adjudicators respond to them now will set the bar on the issue going forward."

Existing insurance requirements around meth and rental properties also need to be taken into account and that means testing at the beginning and end of tenancies is still advisable, he says.

"The report isn't going to change anything in the short term, especially as many people will remain wary of potential meth contamination in residential properties.

"I think landlords are best to tread softly and see what happens over the next year in terms of Government actions and Tenancy Tribunal decisions and what guidance they provide."

Lewis says he won't be changing his own behaviour when it comes to protecting against meth contamination and will continue to do the tests and checks that he has been doing. Meanwhile, the Insurance Council of NZ is calling for the Government to move quickly to review the situation regarding report. Insurance Council chief executive Tim Grafton says it is refreshing to see well informed objective research that shines a light on a problem which has caused confusion and uncertainty for tenants, landlords and insurers.

"The NZS 8510: 2017 standard was a good step forward for raising levels and creating a separation between the testers and the clean-up companies to resolve conflicts, but it is clear more is needed to be done to



improve the analysis of health implications." It will be important that there is a single level that applies across all regulation including the update of the existing standard, he says. Real Estate Authority (REA) chief executive Kevin Lampen-Smith says the report should help reduce the stress involved in buying property. But prospective buyers who are worried about meth contamination should ask questions, read the reports and seek legal advice before signing a sale and purchase agreement.

"If you are concerned about the potential for meth contamination because you suspect the property was used as a meth lab, ask your lawyer to include a satisfactory meth test as a condition of your offer."

The REA supports the need for an immediate review of the standard and is preparing more detailed guidance for the industry about the disclosure of meth contamination, he adds.

Standards New Zealand manager Carmen Mak has said they are open to updating standards and are happy to engage with people seeking changes to the NZS 8510: 2017 standard.

Source: landlords.co.nz

A message from Natalie Hachache...

Asbestos is currently a hot topic for landlords. Worksafe have put out recommendations for all landlords (whether you have a property manager or are managing yourself). From what we understand, if a house is built (or started to be built) prior to the year 2000, it must have an asbestos assessment carried out before any work is done at the property. It is our recommendation, and that of many of our industry advisors, that asbestos assessments should be done sooner rather than later, to avoid incurring higher fees when urgent assessments need to be done— for example, if your property is storm damaged over winter and needs repairs, prior to getting the repairs underway you will need an asbestos assessment carried out. If these repairs are urgent (eg. roof leaks) you will need an urgent asbestos assessment prior to the tradesperson attending to the repairs—therefore the repairs will be delayed, meaning you may have to rehouse your tenants (in a motel or the like) until the work is completed. However if you have a plan done now, you will know if there is asbestos in any areas of the house & how it needs to be handled. Remember— not all asbestos needs to be removed—it just must be safely contained.

For more information visit: www.worksafe.govt.nz.

Natalie Hachache—General Manager



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Contact: Ronald Hachache
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Pantea Wilson
021 204 0581
pantea.wilson@raywhite.com

Sales Market Trends—Real Estate—April 2018

Median house price year-on-year	National National ex Auckland Auckland	\$550,000 - up from \$540,000 + 1.9% year-on-year \$460,000 - up from \$435,000 + 5.7% year-on-year \$850,000 - down from \$855,000 -0.6% year-on-year
Seasonally adjusted median house price	National Auckland	Up 0.7%, up 2.3% on April 2017 Up 0.4%, down 0.1% on April 2017
Month-on-month median house price	National National ex Auckland Auckland	\$550,000 - down from \$560,000 - 1.8% since last month \$460,000 - same as last month \$850,000 - down from \$880,000 - 3.4% since last month
Median days to sell	National Auckland	36 - 2 days longer than same month last year 37 - 2 days longer than same month last year

An update from **LoanMarket**

home finance brokers

Equity in property investment

You may have access to some equity in your home if you have taken out a loan and have been paying it off for some time.

So, what is equity?

Explained simply, equity is the difference between the value of your property (usually market value) and the amount that is owed on it. For example a home worth \$1,000,000 with a mortgage of \$400,000 has \$600,000 in equity, however you can only borrow up to 80% of the home value being \$800,000 which means once the current mortgage is deducted there is up to \$400,000 in equity available.

Unlocking equity

As a home loan is paid off, gradually the part of the property that is owned increases. This is called collateral and can be used to finance other assets like the purchase of a new car or to pay for renovations. Whichever way equity is used, remember that interest rates can be a set-back. The interest rate on a car loan may be cheaper in the short term but what could have been paid in five years (usually the max. term of a car loan) will be paid in the duration of the home loan (up to 30 years), meaning more would be paid on interest rates, in the long term.

Use equity to drive your wealth

Another way to use your equity is for a down payment on an investment property. If you already own a property and want to purchase an investment property but don't have a deposit, the lender will use the equity that you have built in your current home loan as a deposit for the new loan. Similarly, if you're looking to build a property portfolio, this, too can be done through the use of equity. Once you have built up equity in your first property you can then look to use that equity to refinance and purchase another property and so on. You are leveraging from what wealth you already have to build up more. Investors are usually able to use up to 80% of their home equity.

It may be beneficial to consult with a mortgage advisor who knows about negative gearing and wealth growth to help you structure your portfolio. Considering different lenders will give you access to more options which could offer you a better service or interest rate than the one your current lender has. Keep in mind that the way your home loan is structured can have an impact on the use of your equity.

For example, if you have set up your loan on a fixed-term interest rate and want to refinance, you could be penalised for costs such as early-exit fees, which can leave you thousands of dollars out of pocket.

As everyone's financial situation is different, it can pay to speak to an adviser who can help you structure your loan to suit your financial plans and tap into your equity in the future.

Rental Market Trends—Real Estate

01 Dec 2017 - 31 May 2018

No. Of Bedrooms	Median Price	No. Of Properties
West Auckland—Te Atatu Peninsula		
2	\$450	21
3	\$540	65
4	\$650	20
West Auckland—Te Atatu South		
2	\$450	21
3	\$540	65
4	\$650	20
West Auckland—Henderson		
2	\$440	61
3	\$500	256
4	\$610	89
5+	\$760	29

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