

Winter has well and truly hit Christchurch with really cold temperatures. Please think of me on Saturday mornings watching Paige play hockey. Fortunately the games are around 11.00am so the ice has thawed but it hasn't stopped the cold winds. I guess you all recall doing the same with your kids.

Winter also brings with it a quiet spell in the property rental sector. That's not to say that there isn't a demand and in fact several potential new tenants vying for the same property but the market does slow down.

Winter is also the time when tenants really notice the warmth – or lack of warmth – in their houses. There are only a few days left until the new regulations around insulation and heating come into play. There is always a possibility that a tenant may take this new opportunity – their new legal rights – to lodge a complaint but to be honest we will be surprised if any of our tenants will. Our owners have been very responsive to the new regulations and have made every endeavour to comply. Some work has not been completed as yet due to the workloads of the contractors and the availability of materials. It is unlikely that a prosecution would follow if it can be clearly demonstrated that the work has been commissioned. But we can't say this for certain. MBIE may choose to make an example of some owners throughout the country to show 'teeth'. According to the acting manager of the Tenancy Compliance and Investigations unit 'there is no room for extensions'. We wait and see.

Winter is also the time of the 40 hour famine. Both Paige and I undertook this challenge and managed to see it through on just fruit juice and barley

sugars. Not sure we will want to see barley sugars ever again!!! Many thanks to those who sponsored Paige.

The budget has been and gone. What a shambles and unfortunately the strong messages within the budgets were lost in the politics. Interestingly there was very little in the budget pertaining to housing. In fact the KiwiBuild housing programme was most noticeable by its absence. Apart from a comment from the Prime Minister that all 'targets' had officially been scrapped it seems the Government would like to sweep KiwiBuild under the carpet and forget about this major plank to their election campaign. What is clear is that they will not achieve even the heavily reduced objective of 300 completed builds by July 2019. And of those they have completed less than 60 have apparently been sold under the rules of KiwiBuild. Others are on the public market and are still not selling. They simply are not what people want, not in areas people want and not at a price that people can afford. The winners seem to be some suppliers to KiwiBuild who have managed to make the Government buy back from them unsold houses – even though those same houses had been 'unsold' at the time they signed up to the KiwiBuild program. Something just doesn't seem right with this scenario.

The Government has signed off on its 'Healthy Homes' standards and these will come into law from 1.7.2019. From 1.7.2020 landlords will be required to include detailed information in their tenancy agreements about how their property meets these standards so that both tenants and landlords will be aware of these standards before compliance is required from 1.7.2021.

The new standards are:

- All homes must have a heater that can heat the main living room to 18 degrees.
- Ceiling and underfloor insulation that either

meets the 2008 building code or (for existing insulation) has a thickness of 120mm.

- Kitchens and bathrooms must be fitted with extractor fans or rangehoods.
- Where there is an enclosed subfloor space owners will need to install a ground moisture barrier to stop moisture rising into the home.
- The new standards also reinforce existing law that says landlords must provide adequate drainage and guttering to prevent water entering the home.
- Draughts that make the property harder to heat must be blocked

The 2016 insulation requirements remain in force. From July 2019 ceiling and underfloor insulation will be compulsory where practical to install.

From 1 July 2021 private landlords must ensure their rental properties comply with the Healthy Home Standards within 90 days of any renewed or new tenancy.

Yet again the Government has allowed additional time (to 1.7.2013) for Housing New Zealand and registered Community housing Providers to meet these standards. A cynic may think that they see the tenants in such properties as not being as much in need as those in private rentals. More likely something to do with cost. Doesn't sound very 'wellbeing' driven does it.

The Office of the Privacy Commissioner (OPC) has released a new set of guidelines on what personal information landlords, or their agent, can request from prospective tenants. Commissioner John Edwards states 'that it is lawful for landlords to collect information to assess if a tenant can pay rent but landlords should only collect the minimum

amount of personal information to make that decision'.

So what does the OPC believe is 'always justified'?

- Name and proof of identity
- Contact information
- Name and contact details of the current landlord
- One or two previous landlords as references
- Expected length of tenancy
- Whether the applicant has ever been evicted
- Pet ownership
- Whether the applicant must give notice at their current address
- Authorisation to perform a criminal record check
- The number of occupants who will live in the property

The OPC consider the following queries are 'sometimes justified.

- Personal references
- Current income verification
- Authorisation to perform a credit check
- Whether the applicant is a smoker
- Reasons for leaving previous accommodation

Under the 'almost never justified' queries are,

- Consent to collect personal information from 'other sources'
- Driver licence number
- Credit card information
- Nationality, ethnicity, citizenship
- Physical or mental disability or illness
- Personal beliefs or opinions
- Marital or family status
- Gender or sexual orientation
- Rent paid at previous tenancy
- Sports or hobbies

- Current expenses
- Conflicts with previous neighbours or property managers
- Proof of insurance
- Languages spoken
- Details about current accommodation
- Banking history
- Employment history or employment status
- Age

Once the next tenants for a property has been chosen the landlord is entitled to ask for a bit more information

- Payment information for the collect of rent
- Name and number/address of an emergency contact person
- Vehicle information if the tenant will be parking at the property

From our perspective not a lot here that will alter how we have done our selection in the past. But yet another obstacle for some landlords who after all are simply trying to protect their investments. Something that does seem lost in all these new rules. It is acknowledged that there are some very poor landlords and property managers out there but they form a small part of the total sector.

An obvious and anticipated outcome of all of these new rules is that rents will rise. One financial expert has laid the blame for rent increases squarely back on the Government. David Boyle says that 'Government policies such as the abolition of letting fees, the enforcement of new standards for rental properties have pushed up prices for landlords who had simply passed costs on to tenants'.

In our view it is highly naïve to expect landlords to absorb cost increases – as above plus significant increases in insurance, rates, maintenance and materials – as the cost of doing business. They have to make a margin to justify the investment in the sector or they will simply sell and reinvest in some other commodity. For A Government and country facing a considerable housing shortfall and in a sector dominated by private landlords, not the Government or Community Housing Trusts, this is a policy direction that will simply make matters worse.

According to Quotable Values the scrapping of the capital gains tax and cuts to the official cash rate have done nothing to spur growth in the property sector.

The latest Quotable Value House Price Index is up 2.3% for the year compared to 6.9% a year ago. The index rose by only 0.1% over the 3 months to May 2019.

Value growth in Auckland continued to fall – down 2.1% a year ago. Wellington prices have plateaued over the past 3 months. Dunedin has started to slow.

QV believes that the absence of a capital gains tax will encourage investors back into the market but that this may not be in the main cities but in the regions where rent increases are higher.

The number of residential house sales in April fell by 11.5% compared to the same time last year – down to 5,800 units from 6,555. This is the lowest April sales volume for 5 years. Excluding Auckland the sales dropped by 9.5%.

Agents comment that sellers still have unrealistic expectations as to the value of their property. They may have seen information about growth within their region but fail to understand that the average sales price over a period is heavily influenced by sales at the top end. They do not reflect that prices across all price brackets have increased by the same level.

The average number of days to sell has risen to 37.

There has been an increase of 6% in the number of houses available for sale throughout the country when compared to a year ago

Price distribution breakdown:

	April 18		April 19	
\$1 million +	918	14.0%	811	14.0%
\$750,000 - \$999,999	974	14.9%	901	15.5%
\$500,000 - \$749,999	1,839	28.1%	1,843	31.8%
Under \$500,000	2,824	43.1%	2,245	38.7%
	6,555		5,800	

In the rental sector the average rent across the country as at the end of March is \$495 an increase of 5.3% over the same period last year.

Wellington is now the most expensive city in which to rent - \$580 pw compared to Auckland at \$570. Christchurch stands at \$405.

Christchurch faces a 'surge' in demand for rentals according to TradeMe property. This could lead to an increase in rent levels. TradeMe rental listings are down 18% while enquiries have leapt by 48%.

Property sales to Foreign Buyers have plummeted by 81% in the March quarter. There were 204 transfers to overseas buyers compared to 1,083 the same time in 2018. Overseas buyers purchased just 0.6% of all properties in the first quarter of 2019.

As always many thanks for your loyalty and support. If you know of anyone who may need our services please have them contact us or let us know.

Keep warm.

Best wishes to you all

Sharon, Lexi, Caroline, Andrea and Tracy