

You have probably all been there at some stage. Rain, wind, cold and an 8.00am hockey match. Not the greatest start to the weekend. Still being on astro-turf is not quite like the old wet, muddy fields that games used to be played on. On even better Paige's team won 4-0 which places them second with one game to go. Fingers crossed.

You should all have received from us the letter outlining the new Healthy Homes Standards that you must meet by June 30<sup>th</sup>, 2021. As stressed in the letter whilst that sounds a long way off we need to avoid the blockages that arose with the insulation program earlier this year.

We are grateful to those of you who have already authorised the inspection. But there is a common theme from some who have declined due to 'the property is near new'.

Sadly that may not be a good reason. The new standards are very specific in parts and even if the property is near new there needs to be a written assurance given to tenants that the property does meet the standards. For example just having a heat pump is not sufficient. That heat pump has to be capable of warming the main living area to 18 degrees. With the modern trend towards open plan living areas that can be a big ask and the heat pump already installed may not be big enough for the task. Just one thing for owners to consider when making the decision for or against the inspection.

And in case you are thinking that there is unlikely to be any follow up by the authorities. Tenants have the right to lodge a complaint and will probably receive compensation if the property is found not to meet the standards.

A landlord in the Bay of Plenty was the first to be fined by the Tenancy Tribunal for failing to insulate rental property. They have been ordered to pay the tenants \$1,500 as compensation. The tribunal found that the ceiling insulation was 'deficient' and that there was 'no underfloor insulation'. The landlords could have been fined up to \$4,000 but the Tribunal took into account that the landlords were aware of their obligations but had failed to take action soon enough in order to meet the deadline date of June 30<sup>th</sup>, 2019.

We hear that there have been a few other cases bought before the Tribunal by disgruntled tenants but we have seen no published decisions as yet.

So we must assume that MBIE and the Tenancy Tribunal will be as diligent with monitoring future standards as well.

It was interesting to read that a spokesman for the Christchurch City Council and its social housing arm the Otautahi Community Housing Trust believes that it is an acceptable excuse not to have insulated a good number of social houses because 'we can't afford it'. We don't recall this being an available reason for private landlords who were legally required to meet the new standards regardless of any hardship.

Inadvertently it seems like an additional tier of home occupancy has been created through Government policy. There are people in their own homes, people in rental property owned by private investors and then at the bottom of the list there are those renting properties off the Government and social housing providers. They have been given an additional two years in which to meet the insulation standards and no doubt the healthy homes standards. We

can find no figures that show this but it is a reasonable bet that those people living in Government of social housing will be the same families who are suffering from the effects of cold and mouldy homes. The majority of rental homes in New Zealand are owned by private investors and these will now have been upgraded in terms of insulation. We acknowledge that there will be some private landlords who have not insulated but they will be in the minority. This doesn't seem to address the real issues and also seems to represent a double standard.

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Lastly on these issues. You may have seen the publicity around some property management companies around the country dropping landlords who fail to meet the new insulation standards. We were lucky in that we received 100% support for all of our owners and we met the standards by the deadline.

But some property management companies were not so lucky.

So why are they dropping clients. It's simple. Under the new legislation those property managers are seen as being responsible. There is a high risk of scrutiny, a punitive punishment regime as initiated by MBIE and of course the risk of negative publicity. So rather than risk all of this due to a decision of an owner they have decided to lose business – not something any of us wish to do.

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You will shortly be getting another letter from us outlining yet another legislative requirement. Under the new laws landlords will be required to disclose to tenants whether they are insured and if so for how much. Failure to do so could result in a fine of \$500.

However this is not all bad. Under the new law it clarifies that tenants have responsibility and are liable for accidental damage to rental properties. In the case of damage tenants will have to pay either the landlords insurance excess or 4 weeks rent whichever is the lower. "These changes provide landlords with greater certainty, minimise costs and risk and ensure that tenants have the right information when deciding if they will rent a property" says Associate Housing Minister Chris Faafoi.

Other changes in the new Bill include measures to clamp down on unlawful residential properties and make it easier to prosecute landlords who rent out unsuitable properties. "We are improving our tenancy laws so that tenants and landlords are better protected and can have clear expectations before going into a tenancy" says Minister Faafoi.

The new bill also forces landlords to tell potential tenants if a property has been contaminated with methamphetamine in the past and sets a new maximum acceptable level of contamination.

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During the past week the Reserve Bank has reduced the Official Cash Rate (OCR) to 1.0%, this lower OCR being seen as necessary to continue to meet employment and inflation targets.

It is hoped that lower interest rates will stimulate the housing market, encourage business owners to borrow and expand their business, lower the cost of some exports and thereby increasing the international demand for those goods and increase Government spending.

Immediately after the announcement the major banks came out with reduced rates for both fixed and floating mortgages. Kiwibank dropped its one-year fixed term rate to 3.55% and its two-year rate to 3.65% the lowest ever mortgage borrowing rates in new Zealand.

Good news for home owners and investors but terrible news for those older New Zealanders who have been dependent on interest from fixed deposits to supplement their pensions. FD rates are predicted to drop below 3% making them a safe but unattractive investment.

From the real estate sector:

- Whilst still a quiet time nationally for the real estate sector there are some signs that life may be returning to the market. This is the quiet time of the year for property sales

The market continues to feel the impact of low stock levels and from the near-elimination of foreign buyers from the market. However it is seeing more first time buyers, some improvement in investor purchases and some increase in price. Christchurch has seen an increase in values of just under 1% in the past quarter. This doesn't compare to increases seen in places like Wellington and Dunedin but it is up!

- QV are anticipating an upward movement in rents across the country resultant from the Healthy Homes legislation.
- Corelogic predict that sales will tick along at the same controlled pace for the rest of the year but suggest people watch a number of things – any

changes to the LVR announced by the Reserve bank, the landscape for investor returns, the potential flattening off of residential building consents and the impact of insurance premiums which might change due to risk based pricing.

We haven't done a study of the rental listings on TradeMe for some time so this follows. We have also noticed a small but noteworthy increase in the listings in the To Rent column of The Press.

A word of warning re the TradeMe statistics. These include a large number of student flats which are always advertised at this time of year even though they are not available until the end of the year or even into early next year. These listings impact on both the numbers and on the rental expectations.

By number of bedrooms:  
January 2019:

	1	2	3	4	5	
Banks Peninsular	4	3	4	1	0	12
Christchurch	179	367	409	185	91	1231
Selwyn	3	11	25	33	4	76
Waimakariri	1	3	18	13	4	39
	187	384	456	232	99	1358

August 2019:

	1	2	3	4	5	
Banks Peninsular	1	0	10	3	0	14
Christchurch	212	324	385	202	188	1311
Selwyn	7	8	24	28	7	74
Waimakariri	1	5	26	16	2	50
	221	337	445	249	197	1449

So what can we see from these.

- A 6.7% increase in properties listed on TradeMe
- A 18.2% increase in 1 bedroom accommodation
- A 12% drop in 2 bedroom accommodation
- An almost 100% increase in 5+ bedroom accommodation – student flats.
- The others basically unchanged.
- Such a high number of small units will put pressure on rents through competition for a smaller number of potential tenants.

By rental level: (per week)  
January 2019:

	\$0 – \$200	\$200- \$300	\$300 – \$400	\$400 – \$500	\$500 – \$600
Banks Peninsular	2	2	3	1	3
Christchurch	58	141	383	368	156
Selwyn	2	2	15	29	22
Waimakariri	0	1	8	19	8
	62	146	409	417	189

August 2019:

	\$0 – \$200	\$200- \$300	\$300 – \$400	\$400 – \$500	\$500 – \$600
Banks Peninsular	1	0	5	3	3
Christchurch	59	108	338	376	185
Selwyn	3	6	12	24	19
Waimakariri	1	4	11	26	8
	64	118	366	429	215

- These figures are skewed due to high number of student flats (in the 5+ bedroom and in the \$600+ price bands)
- With fewer listings in both the \$200 - \$300 and \$300 - \$400 bands this suggests a small amount of upward creep in rental expectation offset though by lower demand.
- That the family home categories of 3-4 bedrooms and between \$300 - \$600 pw remain fairly static – which is what we are seeing in the office.

It must be remembers that all of these figures must be offset by the fact that a large number of rental properties have been withdrawn from the rental market over recent years. This has impacted on both the numbers of properties available and on rent levels.

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