

A message from your Property Manager

Tuesday 24th May



All rentals to be insulated by 2019

The most important provision of the government's new rental standards is the requirement for all rentals to be insulated (if at all possible) by 1st July 2019. Tenants on income related rents have to have it from this year (mostly Housing NZ). This is a major expense for many landlords, with estimated costs of around \$3,800 for floor and ceiling insulation to be retrofitted. For many investors it will have to be budgeted for and completed well before the deadline. We would expect that installation prices could go up in the final year as landlords rush to comply at the last minute. The small print says that property with no existing insulation is to be upgraded to 2008 building standards, but existing insulation may be up to 2001 building standards.

1st July 2016 requirements

From this year all new tenancy agreements must stipulate the location and quality of the current insulation. The penalty for not doing this is a comparatively small \$500. We anticipate that as this enters into tenant thinking, that the better insulated properties will become more attractive and easier to rent from now on. This is a reason to upgrade insulation sooner rather than later.



With regard to practical issues, we doubt anyone can tell the difference between the standards. So if you have older insulation it will probably be fine unless it looks degraded. Usually no one can tell if the walls are insulated, so that is a lesser issue. Ceiling and underfloor insulation are the main concerns as these can be easily checked by tenants. [Q&A on the changes](#) and [another Q&A](#).

Forward planning

Given the large expense involved WeRent cannot arrange for your insulation to be installed. You have to budget for this expense and make plans for when you will take action. No property manager will take on your property (or keep managing it) after 1st July 2019 if it is not insulated. If you have a property you are planning to sell in the next few years, then you might want to do so before the end of 2018 to avoid this expense.

Watercare update



The Auckland Property Investors Association has just managed to get Watercare to agree to split the tenant and landlord expenses out of their water bills. This is a great benefit for landlords as it avoids the issues around bill splitting and re-billing water rates to tenants. The only downside is that the landlord will be invoiced for the year ahead around August. WeRent will be taking this offer up on behalf of our clients to ease the challenges we face in recovering water rates for our landlords.