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Housing Confidence Survey

Current housing market conditions continue to encourage increased confidence amongst home buyers and sellers, and this may be cause for concern for the reserve bank, according to the latest ASB Housing Confidence survey.

The most significant change in the fourth quarter of 2006 was the number of people expecting house prices to increase, up from a net 20 percent to a net 43 percent. This rise follows a similarly large increase in the third quarter of 2006. It takes the number of people expecting house price increases to a level last seen in 2003, when housing activity was at its zenith.

The result was primarily fuelled by a change in the number of people who thought prices would stay the same, down from 45 percent to 32 percent, to a belief house prices would increase, up from 36 percent to 54 percent. This result reflects the clear signs of momentum in the housing market seen in the second half of 2006, and an

overall increase in general confidence in the economy amongst consumers and businesses.

Over 2006 there was a steady improvement in sentiment amongst those who considered it a good time to buy. In the fourth quarter of 2006, the net balance of people who thought it was a good time to buy rose slightly, up from six percent to a net seven percent. As of yet the renewed confidence in the direction of the housing market hasn't translated into greater numbers of people viewing now as a good time to buy.

It appears that the Reserve Bank's increasingly tough stance is having a slight impact, with a small increase in the net balance of people who expect higher interest rates, up from a net 41 percent to a net 45 percent. However, the proportion of people who expect higher rates actually stayed the same at 50 percent, while the change in the net figure was caused by a shift amongst those who had previously said they expected lower rates, to now indicate they expect rates to stay the same, up from 27 percent to 31 percent.

Market data shows that the housing market performed above many people's expectations in the last few months of 2006. In particular, prices jumped and sales turnover started to lift. Factors such as a renewed uptrend in net inward migration will give housing a boost but longer-term fundamentals imply the housing market will moderate after four years of strong price growth.

Housing affordability is already stretched, with measures including the typical deposit required as a percentage of salary continuing to increase to record levels. Debt-servicing costs of buying a home have also been pushed up. House price growth has dwarfed household income growth and, for property investors, rental income growth has also been left behind. While property owners will benefit from house price increases, it is cash flow that services any debt, not capital gains.

The Reserve Bank has said it looks "likely" that the Official Cash Rate will be lifted before long. The Reserve Bank's tolerance to any increase in housing strength appears to have run out, but its ability to impact the market through changes in the Official Cash Rate may be limited.

But, even without an increase in the Official Cash Rate, overall interest rate expenses will grow. People continue to roll off low fixed rate mortgages to face higher mortgage rates and this means a greater proportion of those people's income will be diverted into paying the mortgage.

The housing market is clearly slower relative to 2003 and 2004, but it is showing some signs of re-acceleration. For those buying homes, it is as important as ever to give careful consideration to commitments, and allow some contingency for changes in incomes and expenses.

Report kindly supplied by ASB
www.asb.co.nz



Tips & Thoughts on Getting Started

- Pool together with friends or siblings to buy a joint investment property, which is then rented out. This way, you are able to attain some sort of property ownership and realise capital gain, instead of watching house prices continue to escalate out of your reach.
- Be realistic - some first homebuyers want everything - the best street and the best house with all the fittings. A modest house will at least get you in the market.
- Have finance approved before you start house hunting because offers that are not dependent on raising finance are more appealing to sellers and can save money in the long run.
- Ask for help from family to get into a home. This doesn't always mean a lump sum of cash. Many parents may not be cash rich, but do have a freehold house and are able to use equity in their home to raise a mortgage. There is usually an arrangement for this to be paid back by their children - and it's one way parents can help out with the deposit.
- Some banks and lending institutions will lend between 90 per cent and 95 per cent of the house price, and some up to 100 per cent if buyers have good incomes.



- It is advised first homebuyers open a savings account with a recognised institution and save regularly for six months - buyers who are able to demonstrate a reliable savings record often have little trouble securing that first mortgage.
- There is always the old-fashioned hard work, careful budgeting and self-restraint to get ahead.

Child Cancer Appeal 2007

We are pleased to officially announce the 'Face of the Appeal' and the Campaign for 2007.

The Face

A very cute, almost four year old Samantha Turnwald of Ohaupo, Waikato. Her brave story follows.



With the help of twin sister Lucy, parents Mark and Jo and little sister Sophie, Sam is bravely sharing her story to encourage New Zealanders to donate dollars and precious time during the 2007 Appeal.

On the Friday night of Queen's Birthday Weekend, 2004 after two visits to local doctors, a CT Scan and Ultrasound at Waikato Hospital, the Turnwalds were told Sam had cancer and to prepare for Starship.

"The diagnosis is a little bit of a blur," says Sam's dad Mark. "I remember clearly wanting to cry and thinking this is like a death sentence. You don't understand and you think you'll lose your child."

After the agonising weekend wait a biopsy confirmed stage four cancer - a tumour of the liver called Hepatoblastoma and secondary cancer on her lungs.

"After meeting the doctors though you realise there is a plan and you can focus on getting some routine out of an abnormal situation. We were so lucky that Sam responded well to treatment."

Sam faced several months of chemotherapy, major surgery to remove part of her liver, and gallbladder followed by more chemotherapy.

While Sam faces some side effects from her treatment, she is in remission and excited about seeing herself in the special Appeal television advert and posters.

The Campaign

With much pressure on the back of last year's award winning 'Fight the Monster' Campaign, Olivia - Child Cancer Foundation Marketing Manager and the creative team from DDB will once again delight you with the thought provoking Campaign developed for the 2007 Appeal.

To get a real insight into the life of a child with cancer, the team spent some time at the Oncology/Haematology ward at Auckland's Starship Hospital and the Northern Division Family Place. It was during these visits the idea of bringing an existing Oncology programme to the spotlight for all to see was developed.

Please help brave kids like Sam by purchasing your bravery bead bracelet. These will be available from Professionals offices throughout the year commencing Appeal week March 19.



Graffiti

Graffiti vandalism (tagging) is a community issue which can lower property values and encourage more vandalism and other types of crime. Tagging left intact attracts more tagging.

How to deter tagging

Taggers love to add their mark to existing graffiti. If your property is continuously being hit there are some steps that you can take to prevent tagging:

- Plant a hedge, some shrubs or a hanging plant in front of a fence or wall.
- Increase visibility at night by installing lighting. Lights with motion sensors only activate when a person approaches.
- Install video surveillance cameras. The possibility of being caught on film is a good deterrent.
- If you see any suspicious activity, report it to the Police. Take a note of the car license plate if possible.
- Remove graffiti as soon as possible, preferably within 24 hours.
- Form or join your local Neighbourhood Watch Group and become involved in local initiatives to protect areas targeted by taggers.
- Consider painting a mural on a communal area being targeted - it has worked to deter graffiti in other areas and could become a community project. Your local community board may be able to help and advise you regarding this option.
- Protect exposed walls and fences with a graffiti protection product.

Removal Tips

How you tackle the graffiti on your property will depend on the material used by taggers (usually oil-based spray paint or felt-tip pen) and the type of surface 'tagged' (discuss removal with the supplier or manufacturer before starting).

If you are removing graffiti for the first time, try different methods on a small test area first to see that the removal method is not causing more damage.

- Try to remove tags when they are fresh by using methylated spirits, turps, paint-stripper, dishwashing liquid, branded graffiti removal products or oven cleaner.
- Paint your walls or fences in dark colours. Colours that will cover in one coat are most effective eg. green or brown.
- A painted wall is easier to keep graffiti free because any further tags can simply be painted over.
- Clean unpainted walls or fences by sanding or water blasting.
- Keep any unused fence paint and a brush handy in case you need it to cover over tagging.
- The chemicals in graffiti removal products can be hazardous so always wear protective clothing including a mask. Store out of children's reach.

Protected Surfaces

Graffiti protection coatings are painted on top of natural or painted surfaces to form a protective shield. Graffiti will stick to the protective coat instead of the normal surface.

Many different products are available and are usually either clear or sacrificial coats. Clear coat is a long-life, hardened cover similar to a clear varnish or paint, from which the graffiti can be wiped. Sacrificial coats are totally or partially removed with the graffiti.

Before purchasing a graffiti protection coating, we suggest you consider the cost and what product best suits your situation.

Warning: the manufacturer's directions should be observed when working with solvents, chemicals or machinery. Normal safety procedures should be followed.



Sharing a Boundary

Boundaries and Encroachments

When you bought your property, your lawyer probably gave you a plan taken from the title showing the boundaries of your land. These boundaries were fixed by survey when the land was first subdivided and cannot be altered without your consent and the consent of anybody else whose property is affected. In the event of a dispute, a surveyor can always establish where the boundary line runs and, if necessary, can replace survey pegs which have been lost or removed.

An encroachment can occur when a building or a fence is over the boundary. This is technically a trespass for which the encroaching owner is legally responsible, whether or not they erected the building or fence. The court has certain powers to help in the case of encroachments. Your lawyer can advise you about these.

Fences

Unless there is an agreement otherwise with your neighbours:

- Fences must be on the boundary line, though there is provision for give and take where the true boundary is difficult to fence.
- The cost of building or repairing a fence is borne equally between adjoining owners, unless one owner damages it, in which case the cost of repairs will fall on that owner.
- You can compel your neighbour to contribute to the cost of the fence bordering your two properties by following the procedures set out in the Fencing Act. However, it is important to comply with those procedures before a fence is erected. This includes giving notice to any adjoining owner that work is to be done and that you would like the adjoining owner to contribute to the cost of the work. You must also estimate the cost and specify consequences of failure to comply. If the correct procedure is not followed the occupier of any adjoining land will not be liable to contribute to the cost of the fence. The neighbour can object, in which case a District Court or Disputes Tribunal will decide the issue.
- Developers of new subdivisions usually exempt themselves from contributing to the cost of a fence.
- Under the Property Law Act 1952, it is possible to apply to a District Court for an order to remove or alter a fence that is detrimentally affecting land or obstructing a view. Usually the cost of any removal falls on the person applying for the order.
- Some district and regional plans regulate matters such as the height and colour of fences and how close they may be built to rivers, streams and lakes.

Animals

In most cases the law regards keeping domestic animals as a person's natural right but if, because of their number or type, noise or smell, the effect on adjoining owners is severe and unreasonable, a legal remedy could be available. Most local councils have bylaws that control the keeping of domestic animals in towns and cities.

If your neighbour's domestic animals trespass on your land, you have certain rights to remove them or have them removed. The owner of an animal is liable for the damage it causes while trespassing, but there are special provisions for cats and dogs as follows:

- **Cats** are allowed to trespass and their owner is not liable for any damage they do unless they have a "mischievous propensity".

- **Dogs**, on the other hand, are closely regulated and generally the owner will be liable for any damage their dog does while trespassing or not under proper control. The control of dogs is usually dealt with in local council bylaws and the Dog Control Act 1996 requires dogs to be under direct control at all times. People in charge of a dog in public must use or carry a lead. A dog not under control may be impounded at the owner's cost. Dogs that attack people or domestic animals, may be seized and destroyed by any witness or victim of such an attack; the dog owner is liable to be convicted and fined, and the court **must** order destruction of the dog unless the owner can establish exceptional circumstances. Local councils may classify dogs as 'menacing' or 'dangerous' - such dogs have to be muzzled in public and neutered. 'Dangerous' dogs must be fenced in so people can access the dog owner's house without exposing themselves to risk of attack. All dogs registered from 1 July 2006 and all dogs classified as 'dangerous' or 'menacing' since 1 December 2003 have to be micro-chipped. Local councils can require dog owners to remove faeces left by their dogs and dog control officers may require the owner of a persistently barking dog to curtail the nuisance or remove the dog.

Noise, Vibration and Smell

The law recognises that people have to live together in communities and there must be a certain amount of give and take before the right to a legal remedy arises. Playing a stereo loudly, machine noise or smoke from a rubbish fire are not legal nuisances if they occur only occasionally. It all comes down to a question of degree and, to some extent, intention.

The Resource Management Act 1991 provides various remedies in the case of persistent noise and other nuisances. In most situations a person can apply to the Environment Court for an enforcement order. Local council enforcement officers also can issue abatement notices or excessive noise directions to control noxious elements, adverse effects on the environment or unreasonable noise.

Unpleasant smells or accumulations of rubbish, if persistent, may amount to nuisances under the Health Act 1956 or may be dealt with by way of enforcement orders or abatement notices under the Resource Management Act.

Trees and Structures

Where land is zoned and used for residential purposes, a District Court can make an order for a tree or structure to be removed if there is actual or potential danger to the applicant's life, health or property, if there is undue obstruction of a view or if there is undue interference with the reasonable enjoyment of land. In each case the court is required to balance the "hardship" between the competing parties. Generally the cost of carrying out any work is borne by the person applying for the order.

Subject to these provisions, both you and your neighbours are entitled to plant and grow trees as part of your natural right of land ownership. If tree roots or branches cross or overhang the boundary, this amounts to nuisance and they may be cut or trimmed back to the boundary (but not further than that) by the owner of the adjoining land (unless the tree is protected because of historical or environmental significance). If roots of your neighbour's trees block drains on your land, you can apply for a court order to have the drain unblocked at your neighbour's cost or for damages.

Kindly supplied by The Property Law Section of the New Zealand Law Society
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