

# Heat smart and improve the value of your property

*In 2004, the first ever National Environmental Standards (NES) aimed at air quality and controlling landfill gas emissions were approved. The ultimate aim was to improve air quality with severe penalties on local Councils if they did not.*

The government recognised that in many urban areas the major source of air pollution was home heating. Subsequently the Hawkes Bay Regional Council's (HBRC) was left with the responsibility of achieving these NES by 2013 and targeted clear objectives to achieve these standard by targeting the use of non compliant open fires/wood burners.

As from 1 January 2012, HBRC's "Heat Smart, Cleaner Air, Warmer Homes" policies have become effective. Information regarding these by-laws has been widely publicised in the local paper and is also readily available on the HBRC's web site. It is not the intention of this article to simply regurgitate this information but to examine the potential impact these by-laws may have on property values and the sale and purchase process.

To summarise, after 1 January 2012 "open fires and non compliant burners on properties less than two hectares and inside the Air Shed 1 for Napier and Hastings are prohibited from use after ownership of the property is transferred. A transfer of ownership includes the sale of a house, or transfer of a property into a trust. Use of open fires for current owners is prohibited from 1 January 2012 while noncompliant wood burners have date thresholds.

This will impact on a large number (the bulk) of our residential housing stock here in Hawkes Bay. So what



are the realities and how will this impact on you?

## As a Vendor

If you have a non compliant fire disclosure is recommended, this will most probably be done in conjunction with your real estate sales person at the time of listing and will also be an additional clause added to a sale and purchase agreement.

## As a Purchaser

Disclosure of any non compliant fire/wood burner should have been made during the inspection and negotiation process, at the very least your solicitor will undoubtedly prompt any questions regarding heating and fire/wood burners present in the home and if they are compliant or not. If not, already included within the sale and

purchase agreement additional clauses may be required.

## Who Pays?

This will come down to a point of negotiation between the vendor and purchaser. The market place has not yet evolved to the extent where, we as Valuers, can see actual evidence of reduced prices paid for homes with non compliant fires/wood burners.

During negotiations the vendor will opt to make the fire compliant (at their cost) or not, and if not one would suspect the purchaser will lower their consideration to reflect the cost to them. Either way the cost will be shouldered by the vendor. While we may not be able to, with any absolute certainty, analyse a lowering in property values due to non compliant fires, common sense

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would suggest the changes will have an impact (downward) to the vendor in any transaction.

### How much?

This depends on what type and number of fires in a dwelling, typically a new wood burner/open fire can be installed within a range of \$3,000 - \$8,000 depending on type and style.

### Policing

You might say “who is going to police these new standards?” It is our understanding that the HBRC has adopted the view that the by-laws for fires prohibits use from certain dates, they do not specify that non compliant fires/wood burners have to be removed, or that property cannot be

sold with a non compliant fire, unlike some other areas. The local by laws of Hastings and Napier cover ‘nuisance burning’. There is a scale of penalties that the HBRC can use for rule breaches, and after a long process, if a fine was deemed appropriate then it would probably be in the vicinity of \$300<sup>1</sup>.

<sup>1</sup> Source: Hawkes Bay Regional Council

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