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Property editor of the NZ Herald

Major apartment sector law reform planned



New Zealand's \$50 billion apartment sector is in for a big reform.

Sweeping law changes are planned to clean up the country's \$50 billion apartment sector, dogged by disputes, power struggles, lax governance, lack of pre-purchase disclosure, poor maintenance and management plans and financial issues.

Building and Construction Minister Nick Smith says law changes will be introduced by August next year.

Smith's announcement comes after Auckland Central MP Nikki Kaye spearheaded an investigation after complaints from constituent apartment owners. She then called for submissions and last summer held a series of public meetings, and industry consultation.

That resulted in the "apartment blues" report - a submission to Smith from the Home Owners & Buyers Association, Real Estate Institute, the Body Corporate Chairs Group and many others citing a huge range of problems.

[Read - Apartment blues: MP launches campaign](#)

[Read - Apartment sector shake up: large-scale reforms on their way](#)

Smith released a discussion document and said workshops would be held and key stakeholders consulted. That will result a report going to him by April with a view to law reforms being drafted then passed.

"We need better property laws to support the change in our cities, where more people are living and investing in townhouses and apartments. The number of households in unit titles is already 145,000, with a value of more than \$50 billion. This number is expected to double by 2040," Smith said.

"An important driver to these reforms is that the scale of unit title developments is increasing. The average complex size currently is only 10, but many new developments have more than 100 units. The responsibilities and finances of body corporates now requires a greater degree of professionalism and regulation."

Six significant changes are proposed:

- Better disclosure rules at the time of purchase
- Strengthening body corporate governance
- Increasing professionalism of body corporate managers
- Ensuring proper maintenance plans

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- Variable compliance requirements relating to complex size
- Improving the accessibility of dispute resolution.

Smith paid tribute to Kaye, saying she and a group of property professionals had highlighted inadequacies in the Unit Titles Act and presented those to him earlier this year.

"This law reform is critical to the future shape of our cities. Getting the planning law right to allow higher density living is an important first step but the development cannot occur without investment. These changes are about increasing the security and confidence people can have in their rights as unit title holders. We want apartment and townhouse living to be an attractive lifestyle and a sound investment," Smith said.

Consultation on the proposals runs until March 3. Stakeholder workshops have been organised in Auckland, Wellington and Christchurch for February.

Read - full discussion document here:

To print the document, click the "Original Document" link to open the original PDF. At this time it is not possible to print the document with annotations.

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