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ARE YOU BUYING A P-HOUSE? HOW TO PROTECT YOURSELF

Recently there have been quite a few news stories on unsuspecting purchasers buying properties contaminated with P. As you will know from these news stories meth-contamination has prevented purchasers from being able to move into the property, as well as being left with hefty costs for the clean-up or demolition and rebuild.

So what can you do to avoid ending up in this situation yourself? Your main form of protection is to have a P-test carried out.

In an auction situation you are going to need to have the P-test completed prior to attending the auction, the same as you would do for a builder's report, LIM report etc. However, in a tender or offer situation you can make your Agreement conditional upon your obtaining a satisfactory toxicology report. If the toxicology report showed that there was contamination, then you would be able to cancel the Agreement due to an unsatisfactory toxicology report. Currently there is no standard clause in the Sale and Purchase Agreement.

There are a few downsides to toxicology reports, which are as follows:

Cost

It is an extra cost when looking at purchasing a property. The cost of toxicology reports range from \$25-\$2,000.00. This may put a lot purchasers off getting one done, especially as people have a certain perception of what a P-house should look like and where they are likely to be situated, and don't think the property they are purchasing could either be one. The issue is any property could be a P-house and isn't it better to be safe than sorry where the cost of decontamination could be in the tens of thousands of dollars.

Variation in Threshold

There are no statutory guidelines to say when a property is unfit for habitation. So different testing agencies have different thresholds when a property is considered unfit for habitation. Take the situation where the property has been used to smoke P, some agencies will say it is unfit for habitation due to the levels of contamination whereas others will say it is fit.

This is not good for vendors or purchasers. Purchasers could buy a property based on report saying it is fit for habitation, then they get sick due to P-contamination and have to decontaminate their home, costing them money and their health. Vendors could have to spend money to decontaminate their property when it wasn't necessary.

The Government is currently undertaking a review of P-testing in NZ to put in place official standards for testing and what is an unsafe level of contamination. Until this occurs it is difficult for a standard toxicology condition to be included in the standard Sale and Purchase Agreement.

If you do want to make your Agreement conditional upon a toxicology report, then please don't hesitate to contact one of our team as we would be more than happy to draft a clause for you to include your offer.

20 MINUTE FREE

**WANT to review your Family Trust structure?
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