

26 January 2016

To the Social Services Select Committee

Submission regarding the **Residential Tenancies Amendment (RTA) Bill**

1. Community Housing Aotearoa is the peak body for the community housing sector that provides social and affordable housing throughout New Zealand. We represent the interests of our 90+ members on issues that impact their ability to fulfil their organisational missions. The proposed amendments to the Residential Tenancies Act are of great interest to our members and the sector is broadly supportive of Governments efforts to improve housing conditions for our most vulnerable citizens.
2. The proposed Residential Tenancies Amendment Bill, whilst a step in the right direction, does not take advantage of the opportunity to address shortcomings that have permitted a significant portion of New Zealand's rental housing stock to become hazardous to occupants.
3. We request the opportunity to speak with the Select Committee regarding the Bill. We are concerned that the impacts on tenants have not been fully addressed in the bill. Given the tight timeframes for submissions, we continue to consult and may make supplementary submissions or provide further information to the Committee when we are heard
4. Community Housing Aotearoa (CHA) agrees the necessity of standards to improve the quality and performance of rental housing. The Ministry of Business, Innovation and Employment is concurrently consulting on those proposed standards. We intend to submit our concerns on those standards to MBIE, but note that as the legislation is to be implemented through those regulations, will comment herein on how we believe they can work together to achieve improvements in health and safety.
5. The negative outcomes of the absence of strong central government requirements in housing standards is well documented. Likewise, the positive benefits of insulation, heating, smoke alarms and a Housing Warrant of Fitness have been shown. Attached to this letter are the references in support of these statements. CHA is concerned that the lack of stronger central government action is resulting in a nascent piecemeal regulatory approach by local councils. This will only lead to greater distortions in rental markets and potential concentrations of poorly maintained stock. Both Dunedin and Wellington have announced plans to implement a Housing Warrant of Fitness. In our view this is the next best possible alternative given the weak proposals contained in the RTA Bill.

Smoke Alarms

6. CHA fully supports the requirements for smoke alarms and feel the proposed regulations are the right approach. The proposed standards are based on optimum benefits and current best practice in fire safety. The cost benefit analysis demonstrates the clear benefits of the

additional upfront capital expense from the proposed standard requiring long-life batteries if not hard-wired.

Insulation – and Heating?

7. The insulation standards are the only mechanism introduced to reach the objectives of “warmer, drier and easier to heat” properties. Whilst important, insulation on its own cannot provide the full benefits which accrue from also setting standards for heating, ventilation and indoor mould which often flourishes in the absence of these three inter-related elements. A one legged stool is not a suitable platform to support improved health outcomes for vulnerable children in rental homes.
8. CHA is concerned that the insulation standards in the supporting regulations are too low to achieve the desired outcomes. Unlike smoke alarms, it appears that the economic analysis of the benefits derived from insulation and efficient heating has not been followed to its logical conclusion. The current building code should be the minimum standard, not the outdated one from 1978. In addition, the ability to be exempted from meeting even the outdated standard may be too permissive. We recommend that the legislation clearly require floor and ceiling insulation to be installed where practical. Even if one is determined not practical, the other should be required to secure the incremental benefits. Other forms of insulation, such as curtains, may also be indicated.
9. Setting an insulation benchmark that is nearly 40 years old misses the opportunity to future-proof homes for the next generation. Instead, it confines the status quo from a prior generation. These standards will not assist New Zealand to achieve other important energy efficiency, emission reduction and climate change goals, that we have adopted.

Alternatives

10. CHA supports the implementation of a full Housing Warrant of Fitness as successfully trialed in 2014 and now proposed in both Dunedin and Wellington.
11. A further alternative would be a bill that activates a performance-based standard, for example, requiring properties to be able to achieve the World Health Organisation recommended interior temperature of 18C year-around. Such systems are used in other jurisdictions, and would enable a property owner to pick a cost-effective mix of insulation, window performance and efficient heating that could meet the standard, appropriate to the climate in which the house is situated. The bill, as currently crafted, does not appear to provide for such an approach.

Implementation

12. We understand from our members that the majority of properties operated by the not-for-profit community housing sector in New Zealand already meet or exceed the proposed standards. As the Community Housing Regulatory Authority is in place to regulate our sector, we would expect that the private rental market should have to perform according to a performance standards in order to meet government objectives of a level playing field across all sectors of the housing market.
13. The current housing market is at historic highs in many parts of New Zealand. The cost of capital is at historic lows. There is high demand for housing. Landlords are arguably in the best position imaginable to invest in their properties. Now is the time to introduce 21st

Century housing standards so the quality of the product they are providing matches the needs of New Zealanders and the financial returns landlords are reaping. It seems illogical that private landlords are allowed to pass off the health and safety impacts of their products to the public.

14. To achieve the higher benchmark which provides the greatest societal benefits, CHA believes that government should provide incentives to landlords. The current Warm Up NZ programme is set to end in June 2016, on the cusp of implementation of the new standards. A renewed programme encouraging landlords to achieve early compliance with the insulation standards should be offered alongside the standards. It should be extended to cover all of New Zealand. The incentives should be front-loaded with greater assistance early on and diminished support for those choosing to wait until the end of the compliance deadline. In addition, there should be additional requirements for early compliance where the existing tenant is a CSC holder or has health condition which makes them vulnerable to cold, damp and mouldy conditions. Also, landlords should be required to meet the standard prior to re-letting after a vacancy.
15. The proposed compliance model relies on a private contractual approach to enforcement of the standards. The effectively transfers the burden onto tenants to complain to their landlord or through the Tenancy Tribunal to assert their legitimate rights to a safe, dry and healthy home. The landlord simply has to state that their home complies with the standards in their rental agreement. The tenant would then be required to challenge that statement without the benefit of any experience or expertise in assessing building systems. We do not permit drivers to self-certify their vehicles and we should not allow landlords to self-certify their homes.
16. In summary, CHA requests the opportunity to speak with the Select Committee regarding our questions and concerns. We do believe that changes to the Residential Tenancies Act are urgently required to improve the health and well-being of tenants. At this time, we are not sure the Bill, as proposed, is an adequate response to achieve the objectives of “warmer, drier and easier to heat” properties.

Kind Regards,

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Reference Documents

Cost/Benefits Analysis of Insulation

Motu Research 2012 - <http://www.motu.org.nz/our-work/urban-and-regional/housing/cost-benefit-analysis-of-the-warm-up-new-zealand-heat-smart-programme/>

MBIE: Proposed Residential Tenancies Regulations for insulation and smoke alarms Discussion Document

MBIE: Regulatory Impact Statement Smoke alarms and insulation in residential rental properties

Cost benefit analysis for a minimum standard for rental housing, Sapere Research Group, November 2014

Housing Conditions and impacts on residents

Presbyterian Support Otago 'Out in the Cold' report

Professor Howden-Chapman, RadioNZ interview, June 2015

<http://www.radionz.co.nz/news/national/275458/'they're-getting-sick'>

Results from a Rental Housing Warrant of Fitness Pre-Test, He Kainga Oranga/ Housing and Health Research Programme, University of Otago, May 2014