



NEW ZEALAND COUNCIL OF TRADE UNIONS  
*Te Kauae Kaimahi*

**Submission of the  
New Zealand Council of Trade Unions  
Te Kauae Kaimahi**

**to the**

**Government Administration Select Committee**

**on the**

**Healthy Homes Guarantee Bill (No 2)**

**P O Box 6645**

**Wellington**

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## Summary

- The CTU supports the establishment of clear standards for landlords and tenants for heating and insulation in rental houses.
- While more affordable housing is crucial, improving the standard of New Zealand's rental accommodation is an essential part of the housing solution.
- Through its obligations under the International Covenant on Economic, Social and Cultural rights the Government has a duty to respect, protect and fulfil the right to adequate housing.
- There needs to be adequate resourcing of the Ministry of Business, Innovation and Employment for development and enforcement of the standards. The standards should:
  - be based on the latest evidence
  - have an effective enforcement regime
  - have an earlier compliance date than 2021
- Poor housing and cold, damp, poorly built and uninsulated houses are drivers of preventable ill health and entrenched health disparities. There is compelling evidence of the health benefits from home insulation and heating on health.
- The He Kainga Oranga Housing and Health Research Programme are recognised international experts and their research findings, programmes and advice should be the basis of policy and legislation to make improvements in rental housing standards.
- An additional economic and social benefit of the healthy homes insulation programme is the opportunity to create employment as was demonstrated by the creation of 300 new jobs in the Wise Better Homes programme in Northland.

## **1. Introduction**

- 1.1. This submission is made on behalf of the 31 unions affiliated to the New Zealand Council of Trade Unions Te Kauae Kaimahi (CTU). With 320,000 members, the CTU is one of the largest democratic organisations in New Zealand.
- 1.2. The CTU acknowledges Te Tiriti o Waitangi as the founding document of Aotearoa New Zealand and formally acknowledges this through Te Rūnanga o Ngā Kaimahi Māori o Aotearoa (Te Rūnanga) the Māori arm of Te Kauae Kaimahi (CTU) which represents approximately 60,000 Māori workers.

## **2. CTU Supports this Bill**

- 2.1. The CTU supports this Bill which amends the Residential Tenancies Act 1986 with the purpose of ensuring that every rental home in New Zealand meet minimum standards of heating and insulation. The CTU supports the establishment of clear standards for landlords and tenants regarding heating and insulation in rental housing.
- 2.2. While there have been some recent improvements in rental housing, as a result of changes in the Residential Tenancies Amendment Bill, the quality of rental housing in New Zealand is low. Currently there is no guidance on the specific standards that landlords must meet to ensure warm and dry accommodation in rental houses. The Bill amends the Residential Tenancies Act to require the Ministry of Business, Innovation and Employment (MBIE) to set minimum standards within 6 months for heating and insulation in rental properties. The requirements to meet the standards will apply to all tenancy agreements and with full compliance by 2021.
- 2.3. Some provisions in the Bill can be improved to ensure that the objective of the Bill is met. The He Kainga Oranga Housing and Health Research Programme are recognised experts in healthy housing policy. Their research findings and advice should be the basis of improvements to policy and legislation on rental housing standards.

### **3. The Bill – further improvements**

- 3.1. The Bill requires MBIE to meet the standards within six months of the enactment. This will be a significant function for the MBIE and requires additional resourcing and training.
- 3.2. It is essential that the standards are based on the latest evidence. There are concerns that the Bill will only meet 1978 insulation standards, rather than those in the current Building Code.
- 3.3. Achieving an improvement in housing standards will be dependent on an effective enforcement regime. The Bill is not sufficiently specific on how the standards will be enforced. It is not a satisfactory mechanism for tenants to be expected to report that potential or current landlords are not meeting the standards. Expecting tenants to report can increase the vulnerability of their rental and accommodation situation.
- 3.4. It is unclear in the Bill when all houses will have to meet the new standards. Given the urgency of the rental housing situation we recommend an earlier compliance date for landlords than that proposed in the Bill.

### **4. The Need for Rental Standards**

- 4.1. Rising house prices and a shortage of unaffordable houses are impacting heavily on working people in this country. As levels of home ownership have plummeted, fuelled by property speculators and investors, the numbers of people renting has increased greatly. This is expected to continue.
- 4.2. Everybody is affected by the increase in renting: young and old. The New Zealand Property Investors Federation reports that there is going to be a significant increase in older people in rental housing (New Zealand Property Investors' Federation, 2015).
- 4.3. For many working people and their families, rental accommodation has become the norm: they cannot afford to buy but they also do not qualify for social housing. Falling home ownership rates makes improved rental housing conditions and more

stable tenancy arrangements essential. Rental housing is no longer confined to student life or a transitional stage of young families before getting on the housing ladder. Two thirds of those who rent are families; one in five over 65 years of age and half of all children live in rental properties (Macfie R, 2015).

- 4.4. The concept behind this Bill - a Warrant of Fitness for rental housing – has strong support. This is shown in one of the recommendations from the Expert Advisory Group on the Solutions to address Child Poverty in New Zealand (Children’s Commissioner’s & Expert Advisory Group on Solutions to Child Poverty, 2012):

*Ensure all rental housing (both social and private sector) meet minimum health and safety standards, according to an agreed Warrant of Fitness, such as the Healthy Housing Index. These standards should be monitored and effectively enforced, and gradually increased over time.*

- 4.5. The reports in recent weeks of families living in cars, garages and overcrowded, expensive and low quality rental accommodation has shocked New Zealanders. While more affordable housing is crucial, improving the standard of New Zealand’s rental accommodation is an essential part of the housing solution.

## **5. Adequate Housing is a Human Right**

- 5.1. Housing is a human right. International human rights law recognises the right of every person to an adequate standard of living including adequate housing. Article 25 of the United Nations Declaration enshrines that right and Article 11(1) of the International Covenant on Economic, Social and Cultural rights (ICESCR).
- 5.2. But it is not just about housing supply and availability: it is also about the standard of housing. An interpretation in 1991 by the United Nations Committee which considers compliance with the ICESCR sets out this right stating that a number of conditions must be met before particular forms of shelter can be considered “adequate housing” and that the right to housing includes “habitability which includes the absence of dampness and crowding” (Human Rights Commission, 2010).

- 5.3. As New Zealand has ratified ICESCR, our Government has a duty to respect, protect and fulfil the right to adequate housing. Ratification of an international treaty requires that the full realisation of rights be progressively implemented. Ratification requires that the most vulnerable and disadvantaged receive assistance as a priority.
- 5.4. In passing this Bill, Parliament is taking a step improve the lives not only of people now but of future generations of New Zealanders. This Bill, which passed its first reading with a Parliamentary majority, fulfils an obligation of the New Zealand Government to uphold adequate housing as an internationally recognised human right.

## **6. Compelling Evidence of the Benefits**

- 6.1. Housing quality is important to New Zealanders in determining their overall life satisfaction (New Zealand General Social Survey 2012, 2013). The need to improve the conditions of New Zealand houses has been driven strongly by the work of housing champion, Professor Philippa Howden-Chapman, and the internationally recognised He Kainga Oranga Housing and Health Research Programme and team at the Department of Public Health, Otago University, Wellington.
- 6.2. An outcome from this extensive research programme has been the Warm up New Zealand: Heat Smart programme. The evaluation of the Heat Smart programme provides compelling evidence of the beneficial effects of insulation and measures to improve ventilation and heating of houses (Arthur Grimes et al., 2011). Under the programme, subsidies were provided towards the costs of retrofitting insulation and/or installing clean heating.
- 6.3. This \$340 million multi-year programme provided funding for insulation retrofits and clean, efficient heating grants for NZ households. It began in 2009 and is the largest programme of its type in New Zealand history, and intended to produce a range of energy and health related benefits.

6.4. The cost benefit analysis produced results, showing savings in hospitalisation costs and reduced mortality for a vulnerable sub-group (people aged 65 and over who had recently had a circulatory system related hospitalisation). The final cost benefit analysis suggested that the programme would have a net benefit of \$1.2 billion, and a benefit cost ratio of approximately 4.32:1 (based on the favoured model). The evaluation reported that even greater benefits from such a programme could be achieved by four direct targeting strategies:

- Prioritise the insulation component of the programme relative to the clean heating component of the programme.
- Target clean heating to houses that use reticulated gas rather than electricity for heating prior to treatment.
- Target insulation to houses in cooler rather than warmer areas.
- Target insulation to low and middle income earners and other at-risk groups in terms of illness.

6.5. The results of a cost-benefit analysis by MBIE (Blick, G & Davies, P, 2014) on introducing a warrant of fitness to rental housing described the benefits as “a stream of avoided costs to society”(p vi) . The report found that “society would likely be better off under the proposed minimum standard although the form of the enforcement regime matters for costs and benefits and the overall quantum of net benefit to society” (p vi). The cost benefit analysis estimated that the total benefits of introducing a warrant of fitness in rental housing would be close to a billion dollars over a 20-year period – \$987 million.

## **7. The Housing Problem**

7.1. There is a problem with the cold temperatures in New Zealand houses. Almost a third of New Zealand homes fall behind the World Health Organisation (WHO) recommended indoor temperature of 18 degrees Celsius. The recommended room temperature for young, elderly or disabled people is 21 degrees Celsius. Indoor temperatures below 16 degrees Celsius significantly increase the risk of respiratory infections.

- 7.2. In New Zealand maximum winter temperatures in some parts of the country are 7 degrees Celsius. Daily indoor temperatures in New Zealand during the winter are on average 2 to 4 degrees lower than the minimum indoor temperature of 18 degrees Celsius recommended by the WHO.
- 7.3. Over a third of tenants report that their houses are often or always cold (Statistics New Zealand, 2015). The New Zealand General Social Survey for 2012 reported that nearly 50 percent of tenants report problems with their housing, compared with just over 25 percent of owner-occupiers (Statistics New Zealand, 2013). Such perceptions are supported by a 'housing condition' survey undertaken by BRANZ<sup>1</sup> (Buckett, N.R., Jones, M.S., & Marston N.J., 2011) in 2010, which showed that 44 percent of rented dwellings were assessed as being in a poor state of repair, compared with 25 percent of owner-occupied dwellings.
- 7.4. Rental housing is, in general, of lower quality than owner-occupied housing. And due to income stress, renting households move more frequently than owner-occupier households. This creates further stress on the households and their children.

## **8. Housing and Renting**

- 8.1. For an increasing number of New Zealanders home ownership is out of their reach leaving them dependent on rental accommodation. The challenge is that much of New Zealand's rental housing stock is of poor quality and also older than owner occupied stock. As NZIER principal economist Shamubeel Eaqub says, 'We must make renting more attractive' ("Property: Mad truths on home prices in Auckland," 2015). One way to do that is by applying standards.
- 8.2. More than a third of New Zealand's 1.7 million households are renting their homes and most of them must do this through the private rental market. Yet New Zealand

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<sup>1</sup> BRANZ is an independent and impartial research, testing and consulting organisation inspiring the building and construction industry to provide better buildings for New Zealanders.

has one of the weakest tenant protections systems in the world. Current housing policies tend to favour home owners and rental investors.

- 8.3. Fixing the rental housing market with improved standards may lengthen rental times and lessen some pressure on young people to buy a home and reduce some of the demand of home ownership that is pushing up house prices.
- 8.4. While subsidised home insulation and energy-efficient heating has been rolled out with high uptake by private homeowners and in state and council-owned rental stock, there has been low uptake of the subsidisation programme by private landlords who have tended to ignore the scheme. Poor families are being short-changed in a private rental market where landlords are under minimal pressure to provide a healthy living environment.
- 8.5. Having a healthy living environment is compromised even further by low income families not being able to support the cost of heating and keep their homes warm and healthy. In Britain a household is described as in fuel poverty when it would need to spend more than 10 percent of its income on household energy in order to be adequately warm. Many New Zealand households would reach this threshold. Those most at risk of fuel poverty include families with young children, older people, people with disabilities or ill-health, and the unemployed.
- 8.6. The results of the 2012 Social Survey found that people living in owner-occupied dwellings were more likely than those in rented dwellings to have more than enough or enough money (50 percent and 36 percent, respectively) (Statistics New Zealand, 2013).
- 8.7. Legislation is required to ensure that tenants have rights to housing with adequate heating and insulation and that landlords are complying with the standards. While tenancy rights exists now, the difficulties of finding suitable rental accommodation mean that many people do not assert this right. It is a basic expectation that a person looking to rent has reliable information about the standard of heating and insulation in a home.

- 8.8. Improving the housing stock of rented accommodation will also have long term benefits for landlords too as it will reduce short term tenancies bringing more secure income and tenants who treat their home well.

## **9. Housing and Health**

- 9.1. Housing quality has a strong relationship and is one of the four factors with a strong relationship to overall life satisfaction. In the 2012 Social Survey people in owner-occupied dwellings were more likely to rate their health as excellent or very good (63 percent) than people who lived in rented dwellings (55 percent), (Statistics New Zealand, 2013).
- 9.2. Cold houses contribute directly to ill health. It is known that poor housing is a contributing factor for 42,000 children who go into hospital each year. Better standards of rental housing have the potential to improve our appalling public health record for children. The evidence shows that improved housing is cost-effective through the reduction of hospital admissions, time off work and school, and promoting better overall health for families living in warm, dry homes (Baker, M, Zhang, M, & Howden-Chapman, P, 2011).
- 9.3. The story of Emma-Lita Bourne who died at the age of 2 years in Aug 2014 was a wakeup call for the country. In his report the Coroner found that the cold, damp house she lived in contributed to her death from pneumonia (“Emma-Lita Bourne death: will anything change?,” 2015).
- 9.4. The Child Poverty Action Group have undertaken an extensive literature report on some of the research undertaken on housing and health with an emphasis on children in their 2015 publication, FAQ: Health and Affordable Housing. This publication confirms the close association between damp housing and ill-health (Child Poverty Action Group, 2015).
- 9.5. Cold, damp and mouldy homes impact on our health and our children’s health. CPAG report on damp housing is associated with children with being admitted to hospital for pneumonia and rheumatic fever. Cold homes are linked to

cardiovascular disease and respiratory illness and asthma (Child Poverty Action Group, 2015).

- 9.6. Cold and/or damp housing, and unhealthy fuel used for heating can directly affect lungs, weaken the immune system response and worsen allergic conditions. There is a major problem with un-flued gas and they may be preferred by families who cannot afford electricity.
- 9.7. The costs of rental housing not being improved mean that children and adults continue to get sick which is a very significant cost to the State both in the short and long term.

## **10. Housing and Jobs**

- 10.1. As well as insulated and warmer houses having positive health benefits, there are also employment benefits from an insulation programme from employment creation. The home insulation programme in Northland was very important in creating jobs and getting some people who had been long term unemployed back into employment (“Boosting health outcomes in Northland – a New Zealand success story,” 2016).
- 10.2. Through insulating 10,000 homes Wise Better Homes in Northland estimated that 300 jobs were created. Information provided by a large installer suggested that approximately 60 percent of the additional installers employed were previously unemployed.
- 10.3. An evaluation of the New Zealand Insulation Fund examined the expected impacts of the programme (Denne, T & Bond-Smith, S, 2011). One of the underlying objectives of the programmes was to stimulate employment and develop capability in the insulation and construction industries. The programme had direct and indirect effects on employment. When new jobs are created as a result of new industrial activity there are additional jobs associated with supplies to these firms (indirect effects) and as a result there is increased expenditure of the households of workers that are employed.

10.4. However this needs to come with adequate training and policing. In preparing this submission we have we heard anecdotal reports of examples of substandard insulation fitting. There must be standards on training for fitting insulation otherwise there is a risk of insulation being fitted that not does not meet acceptable standards but also has employment and health and safety risks for those people carrying out insulation fitting.

## **11. Housing and Children**

11.1. New Zealand is ranked near the bottom of the OECD in its health and safety rating for children (Public Health Advisory Committee, 2010). In an article looking at children and housing the authors stated that one of the key drivers was that is the relatively poor state of our housing (Howden-Chapman , P, Baker, M, & Bierre, S, 2013).

11.2. Research over two decades at the University of Otago has clearly demonstrated that improving the quality of housing enhances children’s health and attendance at school. An evaluation of the Housing New Zealand Corporation (HNZC) Health Housing programme have shown that the programme was extremely effective at reducing rates of hospitalisation for children living in intervention households (Baker, M et al., 2011).

11.3. Over seventy percent of all children in poverty live in rental accommodation; twenty percent live in HCNZ state housing and fifty percent live in private rental accommodation (Perry, 2013, pp. 1982–2011).

11.4. The Expert Advisory Group on Child Poverty, chaired by the former Children’s Commissioner, Dr Russell Wills, reported on the disproportionate number of low-income households, including large numbers of children, living in private rental housing. They described the sector as “largely unregulated, of poorer housing quality than other tenure types, and offering little security of tenure”. They stated that this has significant implications for the health, education, and broader well-being of children (Office of the Children’s Commissioner, 2012, p 2).

- 11.5. Substandard housing can have a major impact on children and young people in many important areas of their lives, including health, educational achievement, emotional well-being, ability to take up paid work and overall life chances (Child Poverty Action Group, 2015).
- 11.6. Poor housing affects children's ability to learn at school and study at home through many mechanisms – through recurrent or chronic illness, stress, and overcrowded conditions making study and concentration difficult. As a result they may have lower educational attainment, and greater likelihood of unemployment later in life, and poverty.

## **12. Conclusion**

- 12.1. The CTU supports the establishment of clear standards for heating, ventilation and insulation in rental housing. There is compelling evidence about the costs to society of cold damp and poorly insulated housing and the effectiveness on health and education from improving housing quality. Cost benefit analyses show long term economic benefits. Job creation as a result of insulation programmes is an important social and economic benefit.
- 12.2. The Bill could go further in bringing in a shorter period of compliance for full implementation. Enforcement will be a critical component of achieving the objective of ensuring healthy rental housing for the growing number of people who are renting.

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