

21 June 2016

Committee Secretariat  
Government Administration  
Parliament Buildings  
Wellington 6140

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

Dear Sir/Madam

The New Zealand Medical Association (NZMA) wishes to provide feedback on the Healthy Homes Guarantee Bill (No 2).<sup>1</sup> The NZMA is New Zealand's largest medical organisation, with more than 5,500 members from all areas of medicine. The NZMA aims to provide leadership of the medical profession, and to promote professional unity and values, and the health of all New Zealanders. Our submission has been informed by feedback from our Advisory Councils and Board. It also incorporates feedback from public health physicians with specific expertise in the links between housing and health.

#### **Summary**

We recommend that this Bill be progressed with the following amendments:

- Minimum standards developed for rental housing should be expanded to include safety requirements.
- When considering indoor temperature, MBIE should take into account WHO guidelines and the concept of fuel poverty. It is important to ensure that a rental home is capable of being heated to a healthy minimum temperature without unreasonable cost to the tenants. The focus should be on developing a standard on thermal efficiency.
- The proposed standards and required compliance should be introduced much sooner than is currently proposed.
- The proposed standards should be enforced via universal inspections by qualified assessors as part of a rental housing warrant-of-fitness programme.

<sup>1</sup> [http://www.parliament.nz/en-nz/pb/legislation/bills/00DBHOH\\_BILL66216\\_1/healthy-homes-guarantee-bill-no-2](http://www.parliament.nz/en-nz/pb/legislation/bills/00DBHOH_BILL66216_1/healthy-homes-guarantee-bill-no-2)

1. The NZMA strongly supports the core intent of any legislation that promotes making every rental home warm and dry for tenants. This submission presents a principles-based approach that provides some background on the links between housing and health. We then comment on specific aspects of the Healthy Homes Bill, and later, on aspects of the Residential Tenancies Amendment Act 2016. We conclude with some recommendations, including broadening the scope of the Healthy Homes Bill and bringing forward the timeframes for its implementation if it is passed. We request the opportunity to speak to our written submission.

### **Background—housing and health**

2. It is well recognised that a society's health status is closely linked to various social determinants. The NZMA believes that in order to eliminate inequities in health, a whole of government approach is required. In particular, policies addressing housing, education, employment, poverty, taxation and social security should be assessed for their health impact.<sup>2</sup> Housing is a key social determinant of health and an important mediating factor in health inequalities and poverty. The NZMA is concerned that many New Zealanders do not have access to adequate, safe, warm, dry, affordable houses, which are essential for health and wellbeing. Every day, doctors treat children who are sick because they live in cold, damp and/or mouldy houses. The Office of the Children's Commissioner reports that the effects of cold, mouldy and damp housing on children contribute up to 42,000 hospital admissions and 15 deaths each year. Vulnerable groups such as families with young children, older people, people with disabilities or ill health, and the unemployed are more susceptible to the health effects of cold houses because they spend more time at home than other groups.

3. Poor health outcomes due to inadequate housing have major societal costs—both to tax payers and in lost productivity. A study by the New Zealand Business Council for Sustainable Development estimated that if New Zealand homes had the average thermal efficiency standard of those in other OECD countries, there would be 50 fewer hospital stays *each day* due to respiratory problems, saving \$54 million per year.<sup>3</sup> There would also be a reduction of 180,000 sick days a year, creating a productivity gain of \$17 million annually.

4. World-leading research undertaken in New Zealand has found that improved health outcomes can be achieved through housing interventions such as retrofitting insulation and providing improved heat sources.<sup>4</sup> These interventions have been found to be cost effective. An economic evaluation of the Warm Up New Zealand (WUNZ) Programme (which subsidised retrofitting insulation and heating to homes built pre-2000) had a benefit-cost ratio of 3.9.<sup>5</sup>

---

<sup>2</sup> NZMA. Health Equity Position Statement. 2011. Available from [https://www.nzma.org.nz/\\_data/assets/pdf\\_file/0016/1456/Health-equity-2011.pdf](https://www.nzma.org.nz/_data/assets/pdf_file/0016/1456/Health-equity-2011.pdf)

<sup>3</sup> Better performing homes for New Zealanders: Making it Happen. New Zealand Business Council for Sustainable Development. November, 2008. Available from [http://www.sbc.org.nz/\\_data/assets/pdf\\_file/0007/56545/Better-Performing-homes-for-New-Zealanders.pdf](http://www.sbc.org.nz/_data/assets/pdf_file/0007/56545/Better-Performing-homes-for-New-Zealanders.pdf)

<sup>4</sup> Thomson H, et al. The health impacts of housing improvement: A systematic review of intervention studies from 1887 to 2007. *American Journal of Public Health*. 2009;99(S3):S681-92; Howden-Chapman P, et al. Effect of insulating existing houses on health inequality: Cluster randomised study in the community. *British Medical Journal*. 2007;334(7591):460-4; Howden-Chapman P, et al. Effects of improved home heating on asthma in community dwelling children: randomised controlled trial. *BMJ*. 2008;337; Jackson G, et al. Reduced acute hospitalisation with the healthy housing programme. *Journal of Epidemiology and Community Health*. 2011;65(7):588-93

<sup>5</sup> Grimes A, et al. Cost benefit analysis of the Warm Up New Zealand: Heat Smart Programme. Wellington: Motu, Covec, He Kainga Oranga/Housing and Health Research Programme, University of Otago, Department of Mathematics, and Victoria University for the Ministry of the Environment;2012. Available from: [http://www.healthyhousing.org.nz/wpcontent/uploads/2012/05/NZIF\\_CBA\\_report-Final-Revised-0612.pdf](http://www.healthyhousing.org.nz/wpcontent/uploads/2012/05/NZIF_CBA_report-Final-Revised-0612.pdf).

## Specific comments on the Bill

5. We note that the Bill amends the Residential Tenancies Act 1986 with the purpose of ensuring that every rental home in New Zealand meets minimum standards of heating and insulation. It proposes that the Ministry of Business, Innovation, and Employment (MBIE) sets the standards, and requires all landlords to meet the standards. The requirement to meet the standards will apply to all tenancy agreements made within a year of the Act coming into force. The natural process of tenant turnover means most tenancy agreements will include the requirement by the end of 5 years. The NZMA strongly supports the core intent of this Bill. We consider that it has the potential to considerably improve the health of many of our most vulnerable populations, particularly children. While we welcome various aspects of the Bill, we believe a number of areas could be improved.

6. We note that debate during the Bill's reading compared it with the Residential Tenancies Amendment Bill (now a 2016 Act). Our view is that the obligations landlords have under the Residential Tenancies Act 1986 are inadequate to ensure that tenants are safe and healthy. Accordingly, we consider both this Bill and the 2016 Act are an improvement on the status quo. However, we contend that neither goes far enough in ensuring New Zealand rental housing is healthy and safe for tenants. Nevertheless, we welcome the current Bill's inclusion of specific standards for heating and ventilation, in addition to standards for insulation.

7. Existing housing regulations<sup>6</sup> date from 1947 and have significant deficiencies. For example, they do not require protection from heat loss. A recent analysis by an expert in energy law concludes that the existing housing regulations do not deal with questions of warmth, capability of being kept warm at a reasonable price, proper insulation, and reasonable residential energy efficiency.<sup>7</sup> Accordingly, the Bill's proposal for the development of standards that cover these aspects is welcome.

8. Low indoor temperatures are associated with poor health and excess winter morbidity. The World Health Organization (WHO) recommends that interior house temperatures should be maintained above 18 degrees.<sup>8</sup> While New Zealand houses as a whole have low indoor temperatures, dwellings with indoor temperatures below 16 degrees are more likely to accommodate tenant households than owner-occupiers.<sup>9</sup> The cost of heating poor-quality housing falls unequally on low-income households, contributing to the key issue of fuel poverty. Fuel poverty arises from a combination of three factors: household income, energy costs and the energy efficiency of the house. Any measures to secure warmer interior house temperatures need to take into consideration all these three factors.

9. While setting standards for a minimum indoor temperature (as the current Bill proposes) will be difficult to monitor and enforce, we suggest that MBIE develop a standard relating to the overall thermal efficiency of a dwelling. This should incorporate insulation, draught stopping and heating, and take into account affordability to heat the dwelling to a healthy minimum temperature. There is experience from overseas that could inform the development of such a standard. For example, the UK Energy Act 2011 will require all private rental properties to meet a prescribed standard of energy efficiency in order to be let out by landlords. Many municipalities

---

<sup>6</sup> <http://www.legislation.govt.nz/regulation/public/1947/0200/latest/DLM3505.html>

<sup>7</sup> Barton B. A Warm and Dry Place to Live: Energy Efficiency and Rental Accommodation. Canterbury Law Review. 2014. Available from <http://www.nzlii.org/nz/journals/CanterLawRw/2013/1.html>

<sup>8</sup> Ormandy D, Health and thermal comfort: From WHO guidance to housing strategies. Energy Policy. 2012;49:116-21.

<sup>9</sup> Isaacs N, et al. Energy use in New Zealand Households: report on the year 10 analysis for the household energy end-use project. BRANZ Study Report SR 155, 2006. Available from [http://www.branz.co.nz/cms\\_show\\_download.php?id=b1ab61dd06f50e83e6a184b29b68a989472502ed](http://www.branz.co.nz/cms_show_download.php?id=b1ab61dd06f50e83e6a184b29b68a989472502ed)

in the United States and Canada require landlords to meet minimum requirements in terms of the supply of heat to rented units.

10. While the Bill does not elaborate on the standards relating to insulation, we note that much debate has related to the minimum insulation standard in the Residential Tenancies Amendment Act. While this Act requires retrofitting insulation to all uninsulated rental housing to be done to the latest 2008 standard, it does not require an insulation upgrade to houses built after 1978. This decision is based on claims about cost-benefit analyses. We are concerned that these analyses have not taken into account the full health benefits of insulation (eg, according to the Regulatory Impact Statement, “the analysis does not include long-term benefits of improved child health, such as improved adult health”).<sup>10</sup> This omission seriously calls into question the value of such analysis. Furthermore, we have been unable to identify cost-benefit analyses relating to insulation to 2001 or 2008 standards. We note a Cabinet Paper stating that “MBIE has been unable to quantify the additional health benefits of a marginal increase in insulation but, while there may be benefits, these may not outweigh the additional costs”.<sup>11</sup> This suggests that no full cost-benefit analyses were conducted relating to insulation to 2001 or 2008 standards.

11. We draw the Committee’s attention to a recent New Zealand study reporting that retrospective insulation and heating under the WUNZ programme reduced total hospitalisation rates for all children by 6%.<sup>12</sup> Hospitalisation rates for children in low-income households were reduced by 12%. Tellingly, hospitalisation rates for children in rental housing were reduced by 19%. In light of these findings, the authors recommend that proposed changes to the Residential Tenancy Act be strengthened to include current-standard insulation.

12. We are disappointed that the Bill does not specifically address safety issues in rental housing. These include provisions such as hand rails on stairs and grab rails in bathrooms. We contend that failing to empower MBIE to set standards regarding safety restricts the potential impact of the Bill on improving health outcomes and achieving cost savings. The benefits of including safety provisions in the Bill are clear.<sup>13</sup> An MBIE-commissioned cost-benefit analysis of a rental housing standard reported that almost half of the benefits came from safety measures.<sup>14</sup>

13. We are concerned at the protracted timeframes before the Bill’s proposed standards are implemented for some dwellings. We note that under the Residential Tenancies Amendment Act, some aspects of compliance will occur sooner than the current Bill. For example, social landlords will be required to meet minimal insulation standards by 1 July 2016, and all private landlords will be required to meet minimal insulation standards by 1 July 2019. We believe that the date for compliance in the current Bill should be brought forward, given the known substantive health gains.

14. We note concerns that costs associated with the requirement to meet standards would be passed on to renters, thus raising the costs of housing. While we would be concerned at any

---

<sup>10</sup> <http://www.mbie.govt.nz/publications-research/publications/housing-and-property/ris-smoke-alarms-insulation-residential-rental-properties.pdf>

<sup>11</sup> Available from

<https://www.beehive.govt.nz/sites/all/files/2.%20Cabinet%20paper%20Residential%20Tenancies%20Regulations.pdf>

<sup>12</sup> O’Sullivan K, et al. Child and youth fuel poverty: assessing the known and unknown. *People, Place and Policy*; 2016:1//1, 77-97. Available from <http://extra.shu.ac.uk/ppp-online/child-and-youth-fuel-poverty-assessing-the-known-and-unknown/>

<sup>13</sup> Keall MD, et al. Association between the number of home injury hazards and home injury. *Accid Anal Prev*, 2008. 40(3): p. 887-93; Keall MD, et al. Estimation of the social costs of home injury: a comparison with estimates for road injury. *Accid Anal Prev*, 2011. 43(3): p. 998-1002; Pega F, et al. Home Safety Assessment and Modification to Reduce Injurious Falls in Community-Dwelling Older Adults: Cost-Utility and Equity Analysis. *Injury Prevention*, 2016.

<sup>14</sup> Blick G & Davies P. Cost benefit analysis for a minimum standard for rental housing, Prepared for the Ministry of Business, Innovation and Employment. 2014, Sapere Research Group Available from <http://www.mbie.govt.nz/publications-research/publications/housing-and-property/cost-benefit-analysis-minimum-standard-rental-housing-report-prepared-for-mbie.pdf>

consequences that led to an increase in the cost of rental housing or a reduction in the availability of rental stock, we seek evidence to substantiate this claim. Meeting health and safety obligations is considered a normal cost of doing business for many industries. We contend that those providing rental housing need to ensure the health and safety of their occupants, just as all other businesses must ensure the same for their consumers and employees. If there is evidence showing that landlords will transfer the cost to tenants, we suggest that the Committee consider options to mitigate this. These could include the form of subsidies or other financial incentives (eg, making the costs tax deductible). There is a precedent for this in the provision of insulation subsidies for landlords who have tenants with a community services card and other needs (although we note this has been cut under the recent Budget).

15. We are concerned that the Bill does not amend how the proposed rental housing standards are to be enforced. It relies on the continuation of a self-regulatory system where the onus is on landlords to assess their property and undertake any actions to meet the minimum proposed standards, while tenants must report breaches of the standards to Tenancy Services. There are strong disincentives to tenants reporting problems with their rental housing. Independent research commissioned by MBIE suggests that one-third of landlords would not comply with this model.<sup>15</sup> We contend that a more reliable method of enforcement of housing standards be adopted, such as a warrant-of-fitness model as suggested in the MBIE-commissioned cost-benefit report on housing standards. Under such a regime, it has been estimated that 80-90% of landlords would comply, ensuring that far more tenants would benefit from improved housing. There is already considerable New Zealand research and experience with a warrant-of-fitness in housing that could be drawn on.<sup>16</sup>

## Recommendations

16. We recommend that this Bill be progressed with the following amendments:

- Minimum standards developed for rental housing should be expanded to include safety requirements.
- When considering indoor temperature, MBIE should take into account WHO guidelines and the concept of fuel poverty. It is important to ensure that a rental home is capable of being heated to a healthy minimum temperature without unreasonable cost to the tenants. The focus should be on developing a standard on thermal efficiency.
- The proposed standards and required compliance should be introduced much sooner than is currently proposed.
- The proposed standards should be enforced via universal inspections by qualified assessors as part of a rental housing warrant-of-fitness programme.

---

<sup>15</sup> Ibid.

<sup>16</sup> Bennett J, et al. Results from a Rental Housing Warrant of Fitness Pre-Test. 2014, He Kainga Oranga/Housing and Health Research Programme, Department of Public Health, University of Otago, Wellington: Wellington. Available from <http://sustainablecities.org.nz/wp-content/uploads/Results-from-a-Rental-Housing-WOF-PreTest-May-2014.pdf>; Bennett J, et al. Towards an agreed quality standard for rental housing: field testing of a New Zealand housing WOF tool. Aust N Z J Public Health, 2016.10.1111/1753-6405.12519; Bosch M. Trial of Rental Housing Warrant of Fitness Scheme with Housing New Zealand 2014, Housing New Zealand Corporation; Smith N, Trial of Rental Housing Warrant of Fitness Options with Housing New Zealand Corporation (Cabinet Paper). 2013, Office of the Minister of Housing: Wellington. Available from <http://www.mbie.govt.nz/what-we-do/housing/pdf-document-library/cabinet-paper-trial-rental-housing-wof-options-housing-nz-nov2013.pdf>

17. In addition to the above amendments to the Bill, we submit that it is necessary to develop policies to address fuel poverty. These policies need to mitigate any potential cost transfer to tenants to ensure that improvements to the standard of rental housing do not lead to increases in rent. Finally, we make the general comment that cost-benefit analyses used to inform any legislation and policy on housing must take into account all health benefits.

We hope our feedback has been helpful. We would like to request the opportunity for an oral hearing.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Stephen Child', written in a cursive style.

Dr Stephen Child  
NZMA Chair