



## BRIEFING

### Vote Building and Housing Indicative Budget Bids 2018

Date:	30 November 2017	Priority:	High
Security classification:	Budget - Sensitive	Tracking number:	1191 17-18

Action sought		Action sought	Deadline
Hon Phil Twyford Minister of Housing and Urban Development		Discuss Budget bids for Vote Building and Housing in 2017 with officials	4 December 2017
Hon Jenny Salesa Associate Minister of Housing and Urban Development		Provided for your information	

Contact for telephone discussion (if required)				
Name	Position	Telephone		1st contact
Jo Doyle	GM, Housing and Urban Branch	04 901 8730	s9(2)(a)	✓

The following departments/agencies have been consulted

Minister's office to complete:

- |   |  |
|---|--|
| <input type="checkbox"/> Approved             | <input type="checkbox"/> Declined            |
| <input type="checkbox"/> Noted                | <input type="checkbox"/> Needs change        |
| <input type="checkbox"/> Seen                 | <input type="checkbox"/> Overtaken by Events |
| <input type="checkbox"/> See Minister's Notes | <input type="checkbox"/> Withdrawn           |

Comments



## BRIEFING

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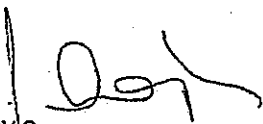
#### Purpose

To outline indicative bids within Vote Building and Housing for discussion at the weekly Status meeting with officials on Monday 4 December 2017.

#### Recommended action

The Ministry of Business, Innovation and Employment (MBIE) recommends that you:

- a **note** that Budget 2018 requires a letter from each Minister outlining proposed Budget initiatives in order of priority by 8 December 2017 to the Minister of Finance. *Noted*
- b **note**, that alongside the Budget Bids included in this briefing, other priority projects are seeking funding through the Cabinet Paper process. *Noted*
- c **agree** in principle to progress all or some of the attached indicative bids:
- a. Healthy Homes Guarantee Implementation Funding *Agree / Disagree*
- Out of Scope
- d **note**, that following the meeting on Monday 4 December, officials will prepare a draft letter to the Minister of Finance, outlining the indicative bids which you will submit as part of Budget 2018. A draft version of this letter is attached for reference. *Noted*

  
Jo Doyle  
General Manager  
Housing and Urban Branch  
MBIE

30 / 11 / 2017

Hon Phil Twyford  
Minister of Housing and Urban  
Development

..... / ..... / .....

## Overview of Indicative Bids for Budget 2018

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1. The briefing note provides an outline of three indicative Budget Bids:

a. Healthy Homes Guarantee Implementation Funding

Out of Scope



2. Decisions relating to the funding required to deliver on 100 day priorities (e.g. KiwiBuild and the Urban Development Authority) are being progressed outside the standard 2018 Budget process.

3. You will receive advice separately on these.

## Healthy Homes Guarantee Implementation Funding

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4. As part of the Government's 100 day commitments the Healthy Homes Guarantee Bill (No 2) (the Bill) will soon be passed. The Bill provides a framework for introducing mandatory standards relating to heating, insulation and other features that contribute to making homes warm and dry.

5. MBIE will develop the healthy homes standards in consultation with stakeholders (i.e. minimum standards for heating and insulation required in the legislation). They will be given effect through regulations and landlords' obligation to comply with the new requirements will be phased in over five years, with all rental housing having to meet the standards by 2024.

6. MBIE intends to implement an information and education programme so that landlords and tenants are aware of their broader rights and obligations under the new regulations. MBIE will also undertake additional compliance and enforcement activities, including a proactive, risk-based monitoring programme, which is now possible under the new powers provided by the Bill.

### Financial implications

7. MBIE's expanded functions and proposed implementation programme will have financial implications. As discussed previously, MBIE suggests submitting a budget bid that seeks the following new crown funding:

a. \$9.68 million across the 2019/20 to 2024/25 financial years to cover estimated information and education campaign costs. This allows for information activities to be more intensive as compliance with the standards is phased in.

b. \$0.3 million for 2018/19 to cover initial set up and project management costs to support the implementation of the Bill.

c. \$2.567 million per year, for 2019/20 to 2024/25 and out years, for ongoing compliance and information and education costs.

d. A capital injection of \$0.5 million in 2018/19 to cover development costs for a heating assessment tool.

8. This funding covers an additional 17 full time equivalent positions and associated overhead costs, to deliver the education and enforcement programme. Annex 2 gives a year by year break down of the costs.

9. There is no capacity to fund these costs from MBIE's existing baselines. The multi-year appropriation for Tenant Health and Safety Information is fully committed to implementing the current smoke alarm and insulation standards and ends in 2020. The Residential Tenancy and Unit Title Services appropriation as outlined earlier has not fully recovered costs within the Appropriation since MBIE's establishment in 2012 and therefore does not have capacity to fund the implementation costs of the Bill.
10. Reprioritisation from MBIE's existing baselines has been considered as an alternative to new Crown-funding. This would require a reduction in the quality of service delivery to tenants, landlords, and unit title owners to remain within current financial constraints. For example, processing bond deposits and refunds would take longer and other information and enforcement activities would need to be scaled back.
11. Government expends \$1.8 billion annually on the Accommodation Supplement and Income-related Rent Supplement, and the poor state of New Zealand housing is causing serious health issues that increase demands on public health services. Against this context, officials believe the increased funding is justified to help ensure decent living standards for tenants, and to improve health outcomes.
12. In general, up front education represents a good investment as it reduces demand for investigations and dispute resolution services, which are more costly for the parties and the government. Education services are also the most efficient and least punitive way of encouraging compliance by the majority of landlords, who are willing to do the right thing if they know how. Funding an expanded monitoring and enforcement programme will enable MBIE to target those landlords who choose not to comply.
13. Having an effective way for landlords to understand what they need to do to comply, and for MBIE and tenants to check whether the landlord is complying, is important. Making it easy to determine heating requirements via an online tool and through providing accessible information on the new policy will help landlords avoid providing heating that is not capable of meeting the standards or spending more money on heating devices than is necessary. The heating assessment tool will also support tenants' ability to identify a breach of the standards and take this up with their landlords. If clear information about heating requirements is not available, MBIE's experience is that this is likely to increase pressure on the Tenancy Services call centre and the number of disputes requiring mediation or Tenancy Tribunal hearings over the long term. These interventions are more costly.
14. The costs identified in this paper sit alongside other Crown costs more generally associated with implementing the Bill, such as the need to fund improvements to public housing so it complies with the standards. Initial estimates are that around 31,000 Housing New Zealand Corporation (HNZ) properties may require additional fixed heating. While the cost of this upgrade will depend on the exact heating standard set, the capital cost to HNZ is estimated to be up to \$87 million. Operational costs include an estimated \$330,000 for project managing the roll-out of heaters over two years, and ongoing maintenance and repair costs. HNZ provided these figures on the basis that all its properties will comply with the current minimum insulation level for rental properties. If the requirements were increased, as part of developing the healthy homes standards, this may have cost additional implications for HNZ. Officials are still modelling these costs.

Out of Scope



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Out of Scope

### Next steps

41. On 4 December 2017, officials will discuss these potential bids with you at the weekly status meeting, and make changes as requested.
42. By 6 December 2017 officials will provide a draft letter to your office, listing the initiatives to be considered through the Budget process.
43. The letter is to establish early Ministerial oversight of the initiatives and will aid in prioritisation discussions. The signed letter is due to the Minister of Finance by 8 December 2017.

Out of Scope

45. The Treasury has advised that 100 day priority bids including the Healthy Homes Guarantee Implementation Bid may be provided by 26 January 2018.

### Annexes

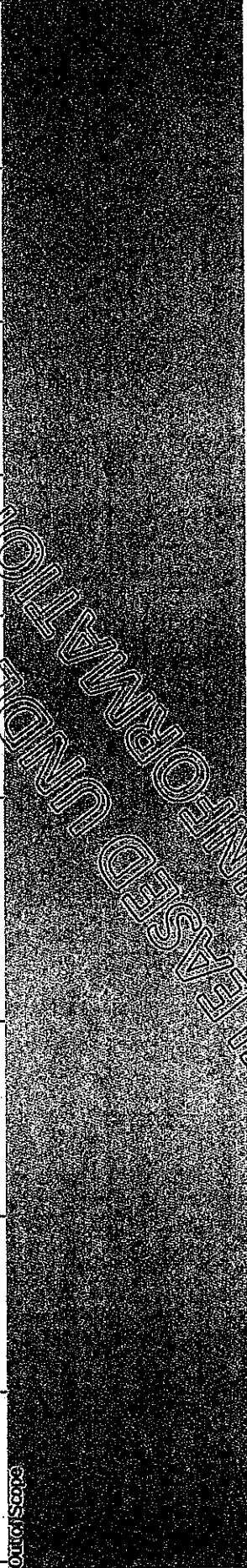
Annex 1: Indicative Budget Bids 2018

Annex 2: Financial estimates for implementing the Healthy Homes Guarantee Bill (No 2)



### Annex 1: Indicative Budget Bids 2018

Bid Number	Responsible General Manager	Appropriation	Name of bid	Departmental/ non-Departmental	2018/19 \$m	2019/20 \$m	2020/21 \$m	2021/2022 \$m
Operating								
1	Jo Doyle	Healthy Homes Guarantee Implementation Funding	Healthy Homes Guarantee Implementation Funding	Op Dept. Cap Dept.	\$0.5 \$0.5	\$4.347	\$4.147	\$4.147



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**Annex 2: Financial estimates for implementing the Healthy Homes Guarantee Bill (No 2)**

Item	Financial Year (all values in millions)							On-going
	18/19	19/20*	20/21	21/22	22/23	23/24	24/25**	
<b>Information and education</b> To cover campaigns during the implementation of the Bill, including overheads. The campaign could cover radio, print and targeted social media.		1.78	1.58	1.58	1.58	1.58	1.58	
<b>Set up costs and project management costs</b> To support establishing new functions	0.3							
<b>Enforcement and compliance</b> To allow for approximately 2000 interventions annually, including approximately 200 property inspections.		2.267	2.267	2.267	2.267	2.267	2.267	2.267
<b>Ongoing Information and Education</b> To cover overheads and long term information and education efforts to ensure continued compliance, including maintenance of the assessment tool		0.3	0.3	0.3	0.3	0.3	0.3	0.3
<b>Capital investment for development of a heating assessment tool</b>	0.5							
<b>Total</b>	0.8	4.347	4.147	4.147	4.147	4.147	4.147	2.567

\* Bill commences

\*\* Final date for compliance



## BRIEFING

### Healthy Homes Guarantee Regulations development timeline

<b>Date:</b>	14 December 2017	<b>Priority:</b>	Medium
<b>Security classification:</b>	In Confidence	<b>Tracking number:</b>	1419 17-18

#### Action sought

	Action sought	Deadline
Hon Phil Twyford Minister of Housing and Urban Development	Note the indicative timeline for developing the regulations	20 December 2017
Hon Jenny Salesa Associate Minister of Housing and Urban Development	For information only	20 December 2017

#### Contact for telephone discussion (if required)

Name	Position	Telephone	1st contact
Claire Leadbetter	Manager, Construction and Housing Policy	04 901 8751	✓
Kristina Ryan	Senior Policy Advisor	04 4702509	

#### The following departments/agencies have been consulted

Minister's office to complete:

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Comments

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**BRIEFING**

**Healthy Homes Guarantee Regulations development timeline**

<b>Date:</b>	14 December 2017	<b>Priority:</b>	Medium
<b>Security classification:</b>	In Confidence	<b>Tracking number:</b>	1419 17-18

**Purpose**

This briefing outlines an indicative timeline for developing the Healthy Homes Guarantee Regulations.

**Recommended action**

The Ministry of Business, Innovation and Employment recommends that you:

a **Note** the indicative timeline for the development and promulgation of regulations governing healthy homes standards for rental residential properties;

*Noted*

b **Note** the points where your involvement is required.

*Noted*

*C. D. Leadbetter*

Claire Leadbetter  
Manager, Housing and Construction Policy  
Building, Resource and Markets, MBIE

14/12/17

Hon Phil Twyford  
Minister of Housing and Urban  
Development

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## Background

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1. Following the enactment of the Healthy Homes Guarantee Act 2017 (the Act) on 4 December 2017, MBIE is preparing to develop regulations to give effect to new healthy homes standards for rental housing. The government has signalled that the regulations would be made by the end of 2018 and would come into effect on 1 July 2019. This aligns with the date when landlords have to comply with the existing insulation and smoke alarm requirements in the Residential Tenancies Act 1986.
2. Landlords' compliance with the regulations will be triggered by the start of new tenancies or renewal of existing tenancies, with all landlords having to comply with the standards by 1 July 2024. The initial compliance date will be determined after consultation in the first half of 2018.

## Proposed timeline

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3. MBIE has prepared an indicative timeline for making the regulations by the end of 2018 and preparing for implementation in 2019. Achieving this timeline will depend on a range of factors, including the level of feedback from public consultation and the complexity of the standards.
4. The next stage in the development of regulations provides an opportunity to carry out public consultation on the content of the regulations, and complete a cost benefit analysis (CBA) of heating options commissioned under the previous government. Officials will provide you with a briefing paper in February 2018, to test the outline of a discussion document that will inform the consultation, and to confirm the assumptions underpinning the CBA remain applicable.
5. The timeline proposes that you seek Cabinet's approval for releasing the discussion document in March 2018, so that consultation can take place over April and May 2018. MBIE will brief you fully on the results of the consultation and provide you with recommendations on the content of the regulations. Officials aim to complete this work in June, allowing you to seek Cabinet's agreement, in early August 2018, to the content of the regulations and to issue drafting instructions to the Parliamentary Counsel Office. The timeline proposes that you return to Cabinet in December 2018, seeking agreement to refer the draft regulations to the Governor-General for promulgation by Order in Council.
6. MBIE will work through any potential alignment issues between the healthy homes standards and the performance criteria under the Building Code in the first half of 2018. If any consequential changes are needed, these can be dealt with in the context of broader Building Code changes. Work on this could begin the second half of 2018.
7. MBIE can begin developing programmes for information and education, and monitoring and enforcement after Cabinet has agreed to the content of the regulations. This work would include developing an online heating assessment tool to make it easy for landlords, tenants and MBIE's enforcement officers to determine the heating requirements required for a particular property. Officials expect it would take up to nine months to develop this tool, assuming MBIE will need to go to market for a solution and allowing time to integrate the tool with MBIE's information technology system. This estimate may change once officials have more certainty about the requirements for the tool and whether there are existing solutions capable of meeting those requirements.
8. Key milestones and target delivery dates are set out in the table below.

## HEALTHY HOMES REGULATIONS INDICATIVE TIMELINE



### Stakeholder consultation

9. Public consultation in early 2018 will seek stakeholders' views on the content of the healthy homes standards and when landlords' compliance obligations should commence. Key areas of public interest are likely to be:
- how the standards will work in practice
  - whether insulation requirements will be extended to certain properties that are not currently required to upgrade insulation (ie. those that meet the 1978 Building Code or 2001 Building Code requirements)
  - the area to which heating requirements will apply (e.g. lounge, lounge and bedrooms or whole house)
  - what types of heating appliances would be required for different situations
  - how heating appliance capacity, and compliance with all standards, will be determined
  - whether or not harmful/dangerous heating sources will be prohibited (e.g. unflued gas heaters)
  - the cost implications for property investors and whether or not these will be passed on to renters
  - the situations where a requirement to do substantial building work would merit an exemption from the standards
  - the practicalities of compliance dates for landlords, for example whether there would be a grace period after a landlord enters into a new lease.

10. MBIE may also need to undertake targeted consultation on the draft regulations, in late 2018. The purpose of this consultation would be to identify and resolve practical problems with the regulations' more technical aspects, before they are agreed by Cabinet and promulgated.

## **Risks and assumptions**

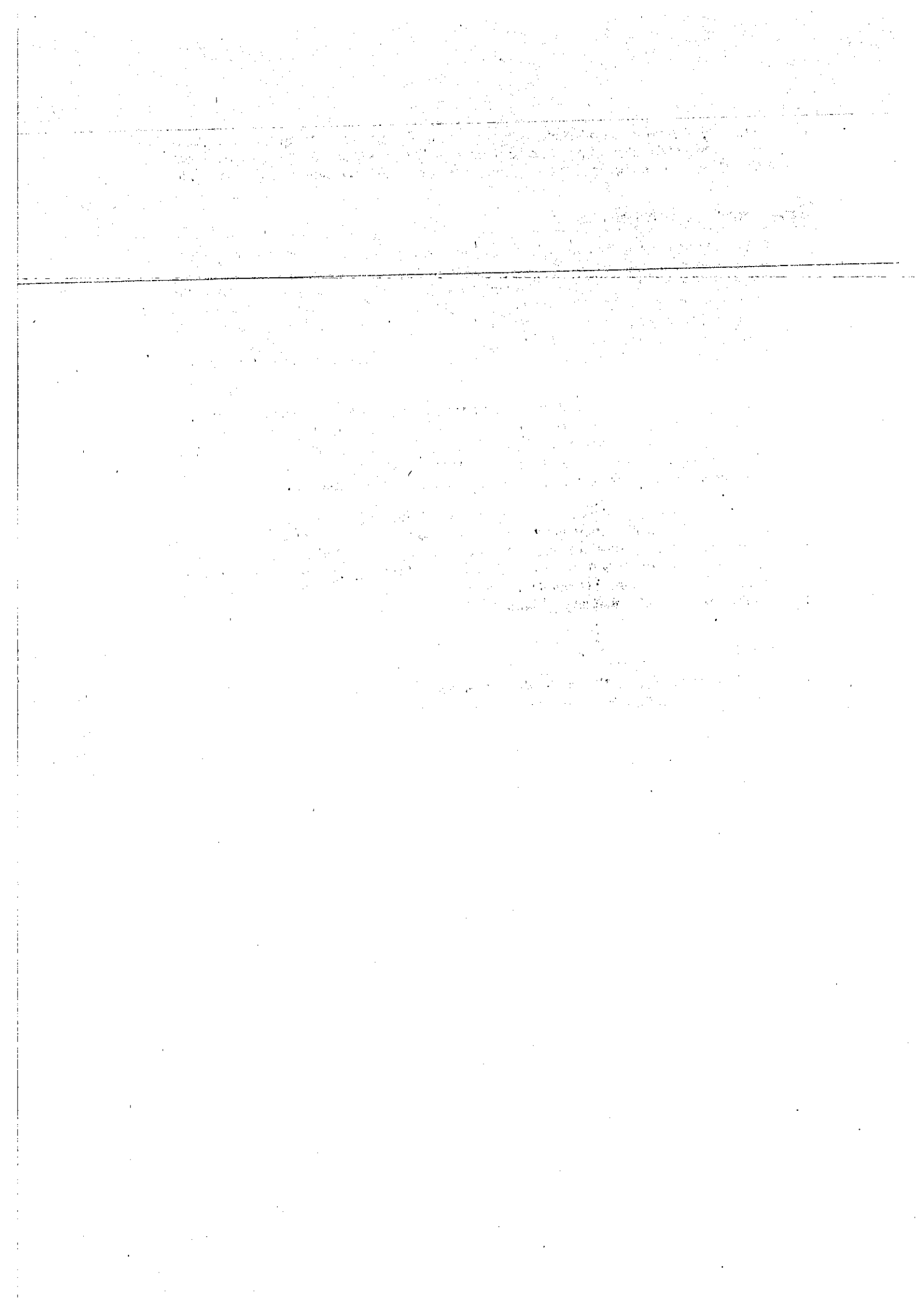
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11. The proposed timeline has been developed on the basis that funding is available in the 2018/19 financial year to cover the budgeted costs of implementation planning, developing the online tool and launching an information campaign before the regulations come into effect. Funding is also required in subsequent years to cover ongoing information campaigns and compliance activities. As discussed with you on 22 November 2017, additional Crown funding would need to be allocated to cover these costs. MBIE is preparing a bid for the 2018 Budget and will provide you with a draft in January 2019, before submitting the bid to Treasury.
12. As noted above, the achievability of the timeline will depend on the outcome of the consultation process. If it reveals more complex issues or a wider range of views than expected, it may necessary to defer the August 2018 Cabinet decision target date so that officials can work through these issues. The delay would have flow on effects on the time available for drafting the regulations and planning for implementation.
13. Any delay in making policy decisions, or lack of sufficient detail in those decisions, would need to be taken into account when determining the date on which landlords' compliance obligations begin. If sufficient lead-time is not provided for landlords to learn about and comply with their obligations, and for installation and heating suppliers to build their capacity to meet demand, the level of non-compliance is likely to be higher. This could undermine confidence in the effectiveness of the regulations.

## **Next steps**

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14. MBIE will provide you with a draft budget bid, seeking funding for information and enforcement programmes, in January 2019.







## EVENT BRIEFING

### Meeting with the Community Energy Network on 22 February 2018

<b>Date:</b>	19 February 2018	<b>Priority:</b>	Medium
<b>Security classification:</b>	In Confidence	<b>Tracking number:</b>	1678 17-18

Action sought		
	Action sought	Deadline
Hon Phil Twyford Minister Housing and Urban Development	Review the contents of this briefing in preparation for your meeting with the Community Energy Network.	22 February 2018

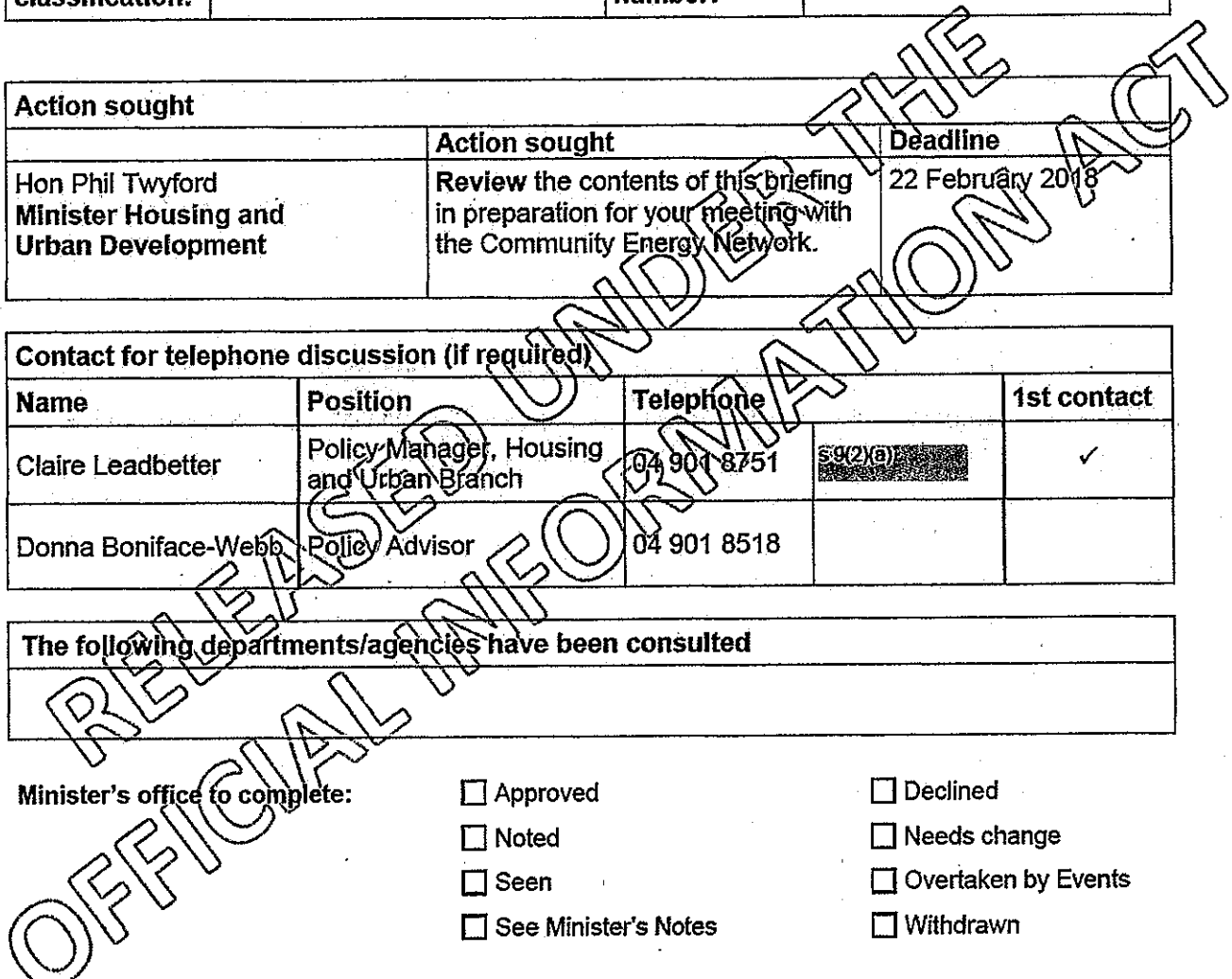
Contact for telephone discussion (if required)				
Name	Position	Telephone		1st contact
Claire Leadbetter	Policy Manager, Housing and Urban Branch	04 901 8751	s9(2)(a)	✓
Donna Boniface-Webb	Policy Advisor	04 901 8518		

The following departments/agencies have been consulted

Minister's office to complete:

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| <input type="checkbox"/> Noted                | <input type="checkbox"/> Needs change        |
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Comments





## EVENT BRIEFING

### Meeting with the Community Energy Network on 22 February 2018

<b>Date:</b>	19 February 2018	<b>Priority:</b>	Medium
<b>Security classification:</b>	In Confidence	<b>Tracking number:</b>	1678-17-18

#### Purpose

You have agreed to meet with representatives of the Community Energy Network from 9:00am to 9:45am on 22 February 2018. Claire Leadbetter and Kate Townsend will attend the meeting with you.

This briefing provides details about the event and information about attendees. Talking points are attached as Annex 1.

#### Recommendations

The Ministry of Business, Innovation and Employment recommends that you:

- a **Review** the attached briefing and talking points for your meeting with representatives of the Community Energy Network on 22 February 2018.

*Reviewed*

Claire Leadbetter  
Policy Manager,  
Housing and Urban Branch  
MBIE

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## Background

1. You have agreed to meet with the Community Energy Network (CEN) on 22 February 2018. Claire Leadbetter and Kate Townsend will attend the meeting with you.
2. CEN is a national network of community organisations dedicated to delivering energy-efficient solutions for warmer homes and healthier communities. There are eleven member organisations throughout the country from Healthy Homes Tai Tokerau in Northland, the Sustainability Trust in Wellington, to Awarua Synergy in Invercargill. CEN is a charitable Incorporated Society.
3. Most members of CEN employ a community enterprise model (while retaining charitable status) and include creating jobs in the communities they work in as a key outcome alongside improved energy efficiency and health.

## Your meeting with the Community Energy Network

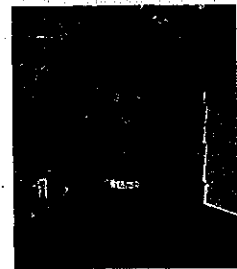
4. CEN have requested this meeting to discuss the process of developing regulations to enact the Healthy Homes Guarantee Act 2017 (the Act). They would also like to discuss your plans to ensure that New Zealand's rental housing stock continues to improve in the period before the Act comes into force in July 2019. Their chief concern is that landlords may postpone improvements on their rental properties until the standards have been finalised, which will lead to degradation of the rental stock in the short term.
5. The following members and representatives will attend:

### Gareth Cartwright Executive Officer for CEN

6. Gareth Cartwright is responsible for coordinating national projects which support regionally based members.

Current projects include:

- a Social Impact Investment trial in Taranaki (in partnership with the DHB, ACC and Otago University),
- working with the mental health sector to support their Equally Well programme,
- exploring opportunities to encourage residential renewable energy infrastructure.



### Sumaria Beaton, General Manager for Awarua Synergy

7. Sumaria Beaton is the General Manager for Awarua Synergy based in Invercargill and working throughout Southland.

Awarua Synergy was created out of the Bluff Healthy Homes project, and is run by Awarua Research and Development.

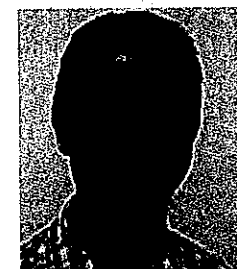
Awarua have strong partnerships with Council, philanthropic organisations and Iwi.



### Philip Squire, CEO of the Sustainability Trust

8. Philip Squire is the Chair of the Board and CEO of Sustainability Trust in Wellington.

Phil has worked with the Trust since 2004. He trained as an engineer, worked in waste treatment and spent ten years as a Zen Buddhist monk in California.



## The Community Energy Network 2017 Briefing for Incoming Ministers

9. The CEN wrote an introductory briefing which they provided to your office in 2017. The briefing included statistics about the housing market, recent research into the positive impacts of improving the standard of rental accommodation and estimates of the time it could take to insulate all housing in New Zealand at current industry capacity.
10. Many of the issues raised by CEN in this document will be addressed through the standards being developed by the Act, which is discussed in the section below.
11. CEN raised concerns about the funding for insulation retrofitting after Warm Up New Zealand: Healthy Homes ends on 30 June 2018.<sup>1</sup> They believe that any downturn in retrofit funding could result in loss of capacity in the sector as workers retrain and a subsequent loss of advisory services which are delivered alongside insulation retrofitting by many providers.
12. They advocated for a lead government agency to engage with across all healthy homes issues, expressing frustration with difficulties they have had working with ministries, DHBs and other agencies such as EECA and ACC.
13. CEN also expressed their wish to engage with government regarding social enterprise funding, and included a number of options they may wish to discuss with the Minister for the Community and Voluntary Sector.

### Insulation in rental properties to July 2019

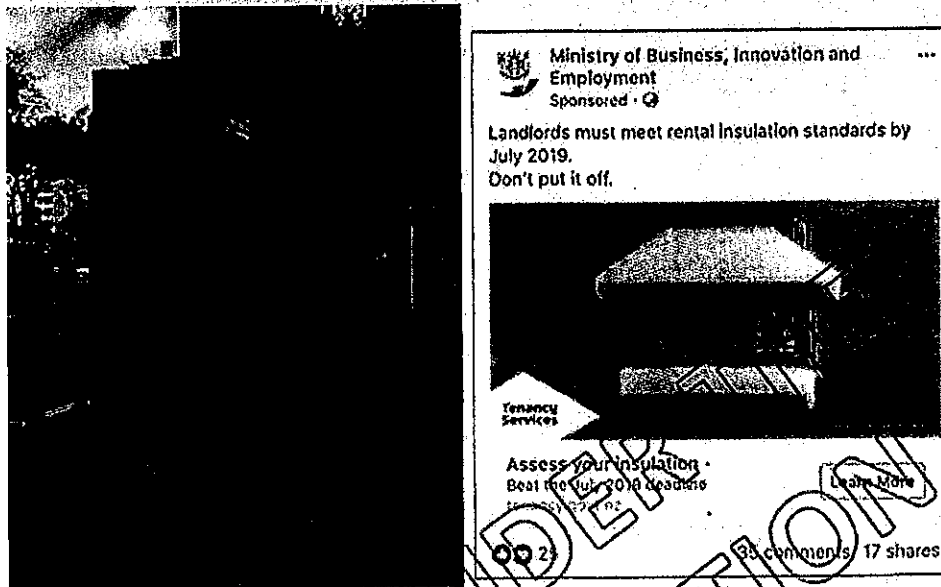
14. Changes to the Residential Tenancy Act in 2016 introduced insulation standard which all landlords must comply with by 1 July 2019. CEN members have been involved in retrofitting rental properties with insulation and a number of members are approved by EECA to install insulation under the Warm Up New Zealand programme. CEN are concerned that, with the passing of the Act, landlords will postpone improvements on their rental properties until the standards have been finalised, which will lead to degradation of the rental stock in the short term.

#### *Ensuring landlords meet their insulation obligations before 1 July 2019*

15. Ministry of Business, Innovation and Employment (MBIE) is committed to ensuring that landlords are aware of their obligation to meet the 2016 standards introduced to the Residential Tenancies Act 1986 before July 2019 through delivery of a multi-year information campaign. CEN has worked with MBIE's Housing and Tenancy Services to provide input into the development of the campaigns and is helping to disseminate information about landlord's responsibilities through their networks.
16. The information campaign which began in July 2016 prioritised messages about smoke alarms and insulation changes. As the deadline for smoke alarm insulation has passed, the campaign now focuses solely on encouraging landlords to get insulation up to the required standard before the July 2019 deadline (or to check their existing insulation meets the standard). All advertising efforts point to the campaign page on the Tenancy Services website here: <https://www.tenancy.govt.nz/insulationdeadline/>
17. The current phase of the campaign activity includes Adshel posters in Auckland, North Shore, Manukau, Wellington, Lower Hutt and Christchurch along commuter routes (example below from outside David Jones, Lambton Quay) and advertising across mainstream radio as well as stations in Cantonese and Hindi, digital (Stuff, NZ Herald, Trademe Rentals) and Facebook. This campaign is in market until the end of February 2018.

<sup>1</sup> Warm Up New Zealand: Healthy Homes is delivered by the Energy Efficiency and Conservation Authority. The programme provides grants for insulation retrofits to landlords with tenants with low incomes and/or high health needs, and to owner-occupiers with low incomes and/or high health needs.

18. The key message from both MBIE and industry bodies, is that landlords need to comply with the standards as soon as possible. Industry bodies have recently raised concerns in the media about construction labour market pressure which will affect the ability to fulfil insulation demand the closer we get to the July 2019 deadline.



19. The next phase of campaign activity may shift to a compliance focus, warning landlords that there will be a \$4000 fine for non-compliance with insulation standards and reinforcing the urgency of getting insulation sorted before the July 2019 deadline. Officials will brief you as the campaign is developed.

#### *Continuing funding for insulation retrofits*

20. Warm Up New Zealand: Healthy Homes ends on 30 June 2018. MBIE Energy and Resource Markets and EECA, in consultation with MBIE Housing and Urban Branch, have advised the Minister of Energy and Resources on the policy design of a new grant scheme.
21. The grant scheme proposes to provide grants for insulation and heating retrofits to landlords and owner-occupiers.
22. MBIE submitted a budget bid for the grant scheme to the Treasury on 26 January 2018 and it is now subject to the budget process.

#### **The Healthy Homes Guarantee Act 2017**

23. The Act enables the government to create new requirements for rental properties regarding insulation, heating, ventilation, draught stopping, drainage and moisture ingress (the healthy home standards). The Act also strengthens enforcement powers to allow the Chief Executive of the MBIE to undertake proactive programmes of inspection to ensure compliance with the new standards.
24. The Act commences on 1 July 2019 and will require all rental properties to be compliant with the healthy homes standards by 1 July 2024. Compliance periods for new tenancies between 1 July 2019 and 1 July 2024 will be determined following consultation on the healthy home standards.
25. The CEN made a submission on the original Bill during the select committee stage, co-founder Ian McChesney also made an individual submission, as did member Blueskin Resilient Communities Trust. Their submissions focussed on standards and enforcement, energy efficiency, the level of information which will be provided to tenants, and the development of an independent audit process.

26. Throughout the select committee stage there was strong advocacy from groups such as CEN for some kind of audit process to ensure that a property meets the agreed healthy homes standard. A rental Warrant of Fitness has been widely discussed as a compliance assurance tool however the administrative costs of such a regime may be significant, and in the first instance, MBIE will look at ways of enforcing the new inspection powers granted by the Act.

CEN would like to discuss the process to develop healthy homes standards and how best to work with MBIE during consultation.

## **Annexes**

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Annex One: Talking Points

Annex Two: The Community Energy Network 2017 *Briefing for Incoming Ministers*

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## Annex One: Talking points

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### The 2016 insulation and smoke alarm requirements

- The existing requirements for smoke alarms and installing insulation by 1 July 2019 will remain.
- If the insulation requirement is increased as part of the healthy homes standards those landlords that upgraded insulation to meet the previous requirement will not need to do any further insulation work.
- Do you see any other opportunities for Government and your organisation to work together to achieve better outcomes for tenants and landlords?
- Increasing the insulation level would only affect a new group of properties that did not have to make any insulation changes under the existing legislation.
- How do you think the existing insulation regulations could be improved?

### Subsidies for heating and ventilation

- As you are aware, funding for the Warm Up New Zealand Healthy Homes initiative ends on 30 June 2018.
- I have been working with my colleague the Minister of Energy and Resources to develop a proposal for what any future scheme would look like.
- Continued Government funding for insulation is under consideration, along with other Budget priorities.

### The Healthy Homes Guarantee Act 2017

- Now that the Act has been passed I am focused on establishing the new requirements for rental properties regarding insulation, heating, ventilation, draught stopping, drainage and moisture ingress. These will be called the healthy home standards.

#### Consulting

- I will be consulting on the healthy home standards between April and May this year and encourage you to submit a response on behalf of your organisation. The various methods of consultation will be:
  - using a Tenancy Services Facebook page to share tenancy information and consultation messages with targeted audience groups including, tenants and landlord, vulnerable groups, such as Maori, Pacifica, migrants and advocate groups;
  - offering a click through to a dedicated consultation page on the Tenancy Services website with a survey or quick answer form to submit; and
  - the traditional consultation method, including submission documentation on the MBIE website, as well as workshops to be held in lower socioeconomic areas where people may not always have the means to engage.
- Are you aware of international energy efficiency innovations that could impact our work on minimum standards?
- What suggestions would you have to incorporate these sorts of new ideas into our standards so they can be future proofed?

### *Commencement*

- The Act commences on 1 July 2019 and will require all rental properties to be compliant with the healthy homes standards by 1 July 2024.
- Compliance periods for new tenancies will be consulted during the April - May consultation period.

### *Enforcement*

- The Act strengthens enforcement powers to allow the MBIE to undertake proactive programmes of inspection to ensure compliance with the new standards.
- I am assessing options for scaling up MBIEs enforcement activity to ensure that there is adequate means of addressing noncomplying properties that tenants don't feel comfortable submitting to the tenancy tribunal.
- What role could your organisation play in supporting compliance with any new standards?

### *Costs*

- The Healthy Homes standards will cover heating, insulation, ventilation, draught stopping, drainage and moisture. Many landlords will already meet these standards and will not have to change anything. For those that need to upgrade their properties I expect costs will be in the order of \$3000 to \$6000.
- The changes aim to make homes warmer, drier and healthier for hundreds of thousands of New Zealand families without imposing excessive bureaucracy or cost.
- The standards will benefit many households because the capacity for heating a house without insulation is significantly larger than those with insulation in place.
- Do you see any concerns for industry capacity to respond to new standards?
- What are your thoughts on how new standards could be phased in?

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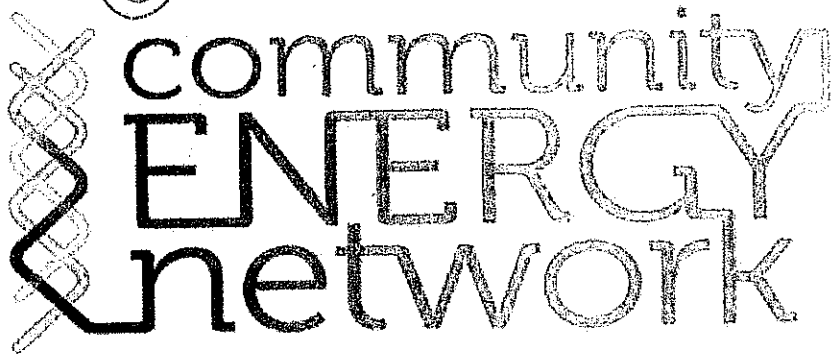


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2017

Briefing for Incoming Ministers

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People powered wellbeing, together

Gareth Cartwright

Executive Officer for Community Energy Network

## Relevant Ministers

- Minister for Child Poverty Reduction
- Minister of Energy and Resources
- Minister of Health
- Minister of Housing and Urban Development
- Maori Development Minister
- Minister for Social Development
- Minister for Community and Voluntary Sector
- Minister for Regional Economic Development

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## Executive Summary

This briefing has been written by the Community Energy Network (CEN) to provide incoming Ministers key information regarding the Healthy Homes and Community Enterprise sectors. The first section discusses the core issues around the large proportion of our housing stock that are still cold, damp and mouldy. This situation is causing systemic issues throughout our communities and it is technically straight forward to fix.

We then go on to discuss what CEN members are doing to solve these issues and how we partner with community based and national stakeholders to achieve these goals. The key point is that to succeed it is critical that Government sets good policy that sends the right signals to the sector. First and foremost, we invite Government to be bold at this stage in setting meaningful measures and targets.

Lastly, we explain how CEN fits in the sector and how we are looking to establish broader networks that will support the growth of the Community Enterprise sector in New Zealand.

## Introduction

With members firmly embedded in their communities and with a number who are long term contracted holders under the Warm Up NZ programme, CEN is well placed to be able to provide insight and recommendations about how New Zealand can ensure that all homes are warm and dry. CEN represents most of the Community Enterprises working to achieve warm, dry safe houses for New Zealand and affordable energy. Six (out of ten total contract holders) CEN members are currently contracted under the Warm Up New Zealand Programme. We have excellent ties with community based third party funders. We are also well connected to Te Puni Kokiri (through the Maori Housing Network), Te Matapahi and many Iwi through our Iwi and hapu based members.

We understand the needs and values of lower socio-economic communities and are well placed to provide a clear picture to Government regarding the best approach to helping these communities achieve a higher level of housing standards and resilience.

## The State of Our Homes

A large number of New Zealand's housing stock fails basic home performance requirements<sup>1</sup>. This has created many health-related issues that negatively affect our communities. They are systemic in nature, and a major issue remains the poor state of tenanted housing, and the consequences this has on our health and economic outlook.

### *Some key stats*

- Given best estimates from EECA and other industry experts, we know that conservatively, around 600,000-700,000 homes (out of a total of around 1.7 million houses) still require insulation retrofits to bring them up to the current Building Code standards.
- The number that also need improved heating (in this case 'improved' means fixed, efficient and effective) and ventilation will most likely be higher than that.

<sup>1</sup> BRANZ 2015 House Condition Survey

- The Government has subsidised insulation installs in around 300,000 homes in the last 15 years. The 2017 budget provides a reduced subsidy for a further 24,000 rental homes (and now owner occupied) to be insulated that must be completed by June 2018. There is no further funding support flagged at this stage (although philanthropic organisations in the regions are still committed to funding local programmes, albeit with a significantly reduced number of homes).
- Insulation to the Insulation Standard set in 1978 within the Residential Tenancies Act will be compulsory from July 2019 in all rental homes. Note that the RTA Standard is lower than the current Building Code for new builds that has been in place since 2008.
- Research from Otago University has shown that there is a significant financial benefit from retrofitting homes to be better performing – the research has shown that when insulation and appropriate heating are installed, there is, at least a 1:6 financial benefit to the society based primarily on improved health outcomes. These benefits *did not include* the downstream impacts from healthier residents regarding other areas such as education performance and work stability.
- A voluntary Building Warrant of Fitness covering all key aspects of a warm dry home has recently been launched by Wellington City Council in partnership with Otago University, with CEN member the Sustainability Trust providing the in-situ assessments to the WOF Standard by trained assessors.

From a technological point of view, the responses that are required to resolve these home performance issues are well known and proven.

We know what is causing the issues, and we know how to fix them from both the technical and behavioural points of view. We also know that fixing these issues has a significant financial value to the nation in terms of productivity gains and a reduced burden on the health system. We also believe there are less tangible but arguably more important benefits of having healthier and happier communities.

Given the above, CEN is confident in saying that with enough political will, ***all New Zealanders can live in a warm dry safe house within the next decade.***

#### The Core Issue

The Government's Warm Up New Zealand programme has insulated around 300,000 homes with a further 650,000-700,000 estimated to still need insulating. Over the years, the focus of the programme has centred more and more on the vulnerable end of the market.

In the last budget announcement, the criteria were further focussed on CSC holders who are renting and who are also presenting with medical conditions either created or made worse by the house they are living in (these criteria have been relaxed in the last few months).

This budget would allow for up to 24,000 rental (and now home owned) properties to be insulated, provided this can be achieved by June 2018. While this is still a positive outcome, there are still many issues not being addressed:

- a. At the completion of this programme in June 2018, there will still be a very large number of homes that are failing to perform to minimum insulation standards (probably well over 50% of our rental housing stock).
- b. There is no indication that this funding will continue after this period.

- c. The other wrap around services (to ensure the house is warm and dry e.g. fixed heating, ventilation and moisture barriers, energy poverty) have not kept pace with the insulation improvements so many of these homes will still be cold, damp and as a result, mouldy.
- d. A recent study has linked mould in the home can cause of asthma and not aggravate it,<sup>2</sup>
- e. A damp house is also very difficult and expensive to heat, adding high energy costs to the many other issues that contribute to poverty. Conversely, a dry (and insulated) house is significantly cheaper to heat with many downstream positive impacts such as physical and mental health, financial performance, as well as improved education and employment outcomes.

## Getting to 100% Warm Dry Homes

The discussion so far has given a summary of where CEN and the sector is currently. The section below provides some of the key areas we think the sector should develop if it is going to make a large and meaningful difference.

### What Our Sector is Doing

#### Home Performance Advisor

All aspects of a healthy home – ventilation, heating, moisture control and insulation – are important. CEN, in partnership with Toimata and Beacon Pathways, has established the only high-quality training programme for healthy home assessors, called the Home Performance Advisor programme.



Home  
Performance  
Advisor

This programme uses the best technical knowledge through working with BRANZ alongside the expertise, from people like the Eco Design Advisors, on how to influence the behaviour of people to achieve the best possible outcome. This programme is therefore producing the best qualified assessors for working with home owners and renters to achieve the best outcome for them. For many of the people our HPAs work with though, financial constraints often mean that the identified issues are not able to be fixed.

#### Insulation

Usually the single most impactful intervention in most older homes is having good quality insulation installed. A key aspect of achieving the goal of 100% warm dry safe houses over the next decade is the capacity of the sector to provide a high standard in insulation install. One experienced team can, on average, install at least 100m<sup>2</sup> (in a difficult house) of insulation per day, or 22,500 m<sup>2</sup> per year. If we assume that 650,000 houses still need to be insulated, at 149m<sup>2</sup> per house, this a total of 97 million m<sup>2</sup> of insulation that is still required.

For every \$1 spent  
on insulation \$6 -7  
is saved on health  
costs

The current capacity within the sector is for around 40,000 homes per year to be installed to a high standard. This means that we can install around 6 million m<sup>2</sup>/year, which equates to around 16 years to complete the estimated 650,000 homes. Ramping up to complete the job within the next 15 years would require the sector to be able to do between 50-55,000 homes/year (around 65,000/year if we wanted to finish in a decade).

<sup>2</sup> Research conducted by Dr Caroline Shorter, Otago School of Medicine

This is easily achievable from an industry capacity perspective, as at its height, the EECA Warm Up NZ campaign achieved 55,000 homes/year.

Completing the remaining houses now while there is the current industry capacity is a much more efficient solution than losing the momentum started and having to start again at a later date.

### Staying Relevant as an Industry

CEN is working with Social Enterprise sector stakeholders (led by Akina) to develop a Social Enterprise sector strategy. Within this work, a New Zealand specific definition of Social Enterprise will be developed. However, for the purposes of this document, we would define Community Enterprise as:

*Enterprises that have, at their core, social and/or environmental objectives where financial surpluses and/or other values based outputs are principally reinvested for that purpose back into the organisation or directly to their communities.*

Perhaps the key difference between the above and what may be developed for the Social Enterprise Sector Strategy is that it has the support for and resilience of a specific community as the core purpose.

Using the definition above, most CEN members are currently operating as community enterprises (while maintaining their charitable status). Indeed, our members with strong iwi connections could claim to be involved in the original community enterprises in New Zealand. We recognise that new approaches to funding these types of activities are being investigated through the Social Investment Agency in Government as well as Philanthropy NZ, through their newly formed Impact Investment Forum. This has been supported, so far, through some strong signals from the previous Government:

*"Increasingly we know that people are looking for 'meaning' in their work and the social enterprise model is a great way of achieving that. Using traditional commercial business practices to meet social goals is a clever idea and is making a real difference in communities across the country." Hon Alfred Ngaro, Government announces funding for innovative business model, 4 July 2017*

CEN welcomes this evolution in how the sector is funded. In saying this we acknowledge and are deeply thankful for the support from Government through WUNZ and many regionally based philanthropic grants. We are also very supportive of Government strengthening their involvement in the sector as the outcomes are widespread throughout our society.

However, the evolving approach further strengthens the argument for setting up and maintaining robust measures of success. In other words, the traditional process driven contracts and KPIs (I.E. number of homes insulated) does not provide an adequate description of the full value/outcome of truly fixing these cold and damp homes. If these outcomes were more widely understood, then investment, including grant making to increase the capacity/capability, in the sector would become more attractive.

### The Ongoing Role of Government

To achieve a robust and resilient Healthy Home sector that includes robust measures of impact there needs to be strong partnerships developed in the sector. With regards to the measures of success/impact, the key functions of Government could be:

- To provide certainty in the market through consistency in values and approach. This means that there is a clear vision that all stakeholders understand and get behind for at least the next 5 years. This allows for organisations such as CEN to develop the right programme for their members and partners, including other funders.
- To support the development of the sector through direct funding so that the new approach to measuring the success of the programme can be bedded in. ~~Noted that would involve significant time and effort from Government sector as well, perhaps mostly through the Social Investment Agency in partnership the Ministry of Health (representing most of the value of the work to Government).~~
- To provide one point of contact in Government – a major hurdle to achieving scale is needing to work across multiple Government agencies, such as DHBs, Min Health, MBE, EECA, Te Puni Kokere and ACC. Having one agency within Government to facilitate the connections and guide negotiations would be very beneficial. EECA provides perhaps the most natural fit but there may be other and demand (and storage) are part of the system that a warm and dry home is best achieved. This also allows CEN to lead and support other initiatives that are dealing with poverty.

## Supportive Policies

- Make the insulation performance standards in the Building Code and supporting installation standards (NZS4246:2016) the single point of reference for home insulation in New Zealand.

This would include altering the Residential Tenancies Act to refer to the Building Code instead of its own (outdated and confusing) standard. It would also remove the large discrepancy in installation standards that are currently being seen in the market, which is creating a race to the bottom in terms of cutting costs and quality of installs.

- Extend the Warm Up NZ funding for a further five years in recognition of the lower socio-economic groups ability to meet the new Standard over a reasonable period.
- It is assumed that the Healthy Homes Guarantee Bill will be top of the agenda for the new Government. This is an important opportunity to address some critical matters:
  - Require insulation be installed to NZS 4246 standard and that it complies, as a minimum, to the current Building Code.
  - Provide clarity regarding the type of heating required, focussing on the how much heat is required throughout the house. Note that heat pumps are not the only viable option, especially where free wood source and ultra-efficient burners are able to be installed.
  - Ensure that where insulation is unable to be added that the other available improvements are installed to well above minimum standards so that an appropriate temperature can be maintained.
  - **Note that the current low level of regulations under the RTA have effectively created a 'race to the bottom' regarding the quality and performance as well as installer safety.**
- Be very clear about how the implementation of a mandatory Warrant of Fitness for residential tenancies would be managed. This would require Government to set standards for how the WOF is assessed and enforced and to show how it ties in with the RTA changes through the HHGB.



## Introducing CEN

*Vision* - The Community Energy network is known and trusted nationally for the value members deliver with their communities.

Community Energy Network represents a group of organisations that are passionate about working with and in their communities to achieve a wide range of benefits. Each organisation has 'grown' from within their communities and so are set up to meet their needs, including developing a diverse range of employment and skill development opportunities.

Several members have been formed or are part of the response to the critical housing needs of the tangata whenua. This includes working with Te Puni Kokiri on recent programmes to assess the housing performance and required solutions in many regions.

Our website - <http://www.communityenergy.org.nz/> provides information about where our members are and the areas they work in.

### Key outcomes

- Improving the lives of vulnerable people through genuine community engagement and reach.
- Delivering effective energy efficiency solutions for warmer homes, job creation and healthier communities.
- A charitable trust working for good, not profit - providing services which are transparent and fully accountable to the communities we work with and our funders.

One of the critical success factors in how our member organisations have grown over the last 10-15 years has been their expertise around recruiting and keeping their regional funders and partners. **We estimate that, conservatively, CEN members have brought in well over \$100 million of third party funding into the Warm Up NZ programme.** See Appendix 1 for a list of our current funders.

This isn't achieved purely on the back of a 'good cause'. There are many good causes in the community that these funders could support in lieu of working with our members. This long-term support is based on trust in completing projects and creating real benefits as promised. While established on performance, this trust is also based on personal relationships that can be leveraged when the project changes half way through, usually based on new opportunities presenting themselves.

These long-term relationships are also built on an understanding that the approach our members take is multi-faceted. For example, the Warm Up New Zealand Programme doesn't just provide insulation to people, it also:

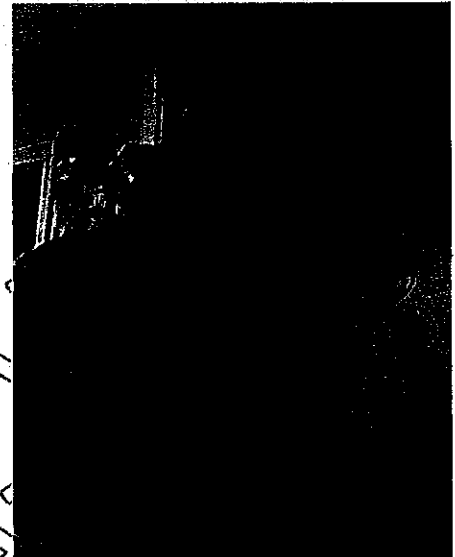
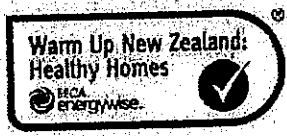


Figure 1. A pro bono insulation job by Awarua Synergy, paid for by their community

- Gives an opportunity for someone living in a cold home to get good advice on a whole range of issues relating to their home and the people who live in it.
- Because our members are local and are focussed on their community, the opportunity to impact positive behaviour through ongoing contact is greatly enhanced.
- Provides many local people employment and new skill sets.
- Allows our member organisations an opportunity to extend and improve their reach into the community.
- Keeps the financial benefit from staff wages, improved community health, reduced energy costs and use of local producers (where possible) in the community. Our funders and partners understand this and therefore our members are often able to secure long term contracts.

EECA Programme:



Since 2009, third-party funders CEN members have brought into the programme are estimated to have contributed at least \$100 million.

What our funders also understand is that because our members are either charities, or social enterprises, all the money that is invested in these programmes flow into the communities (either directly or indirectly through staff wages). International research<sup>3</sup> has shown that money invested directly into the community this way will provide significant additional benefits that are usually well beyond the scope of benefits envisaged by the project sponsors.

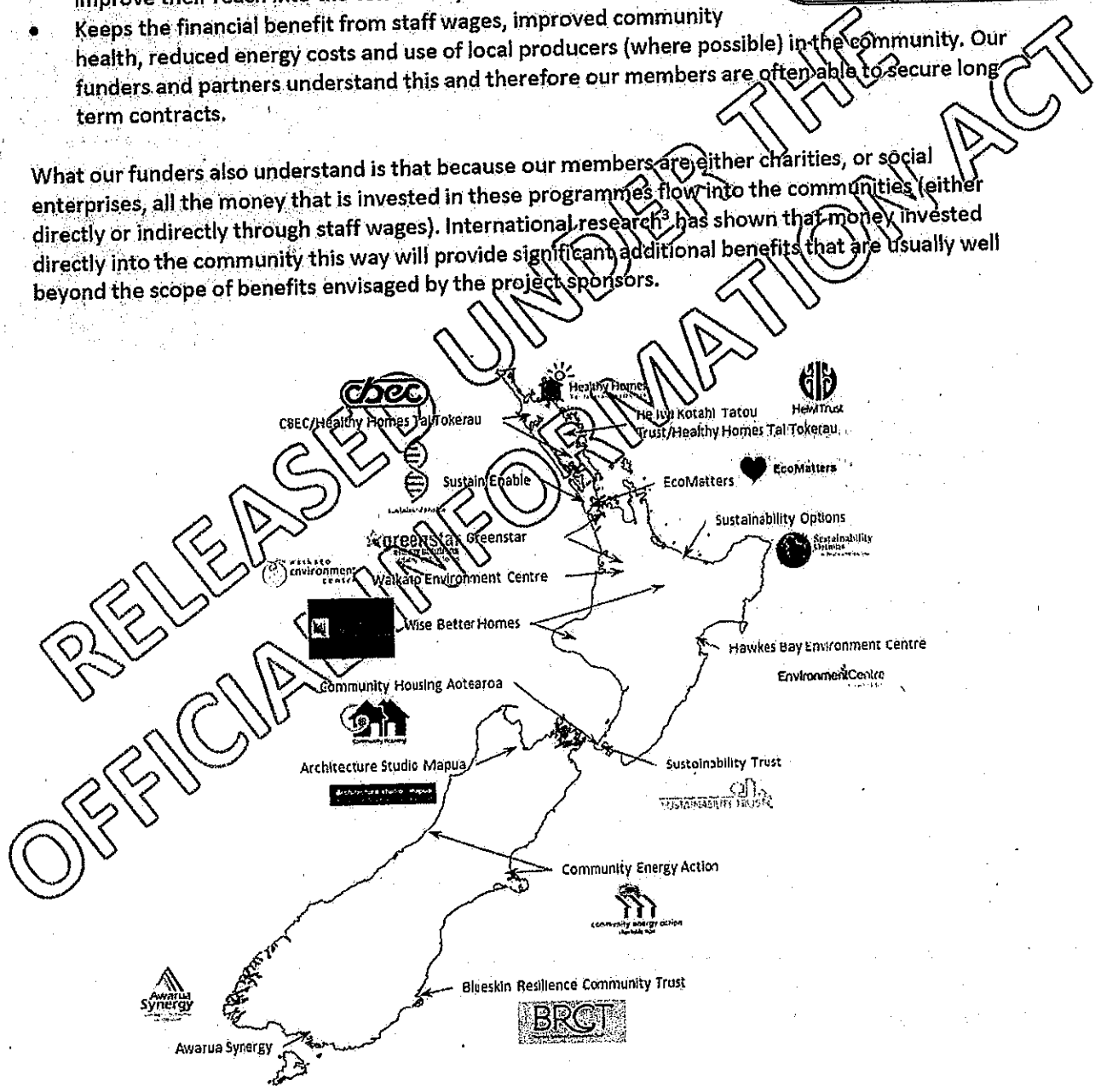


Figure 2. CEN Member Locations. Note that many members cover a large area of their regions

<sup>3</sup> See Local Multiplier Effect from New Economics Foundation

## Working with Other Networks

1. CEN has been working with the Zero Waste Network (formerly Community Recyclers Network) and Environment Hubs Aotearoa for the last 3 years. The membership organisations in these three network banners represent a sizable section of the broader Community Enterprise sector. See appendices for an infographic that shows the value and impact of just three of the organisations involved in the Community Enterprise sector.
2. Over the same period as the above, we have also established a relationship with the mental health sector through their Equally Well programme. This is based on the understanding that many people with mental health issues spend considerable time in their homes so an unhealthy home will have a large impact on their physical and mental health. We have an action plan with the core organisations within the Equally Well programme and are nearing the completion of a case study in Wellington.



Figure 3. Recent Joint Strengthening Communities Hui with CEN, Zero Waste Network and Environmental Hubs Aotearoa

For more information please contact Gareth Cartwright, 027 655 8812 or  
[Gareth@communityenergy.org.nz](mailto:Gareth@communityenergy.org.nz)

## Appendix 1 - CEN Member Third Party Funders

Top Energy  
Foundation North  
Te Tai Tokerau PHO  
Manaia.PHO

Northland District Health Board  
Hokiangā Health  
Auckland Council  
Whāu Local Board  
The Trusts Community Foundation  
Waitakere Local Board  
Henderson-Massey Local Board  
The Southern Trust  
The Bishop's Action Foundation  
Tui Ora  
NZ Red Cross  
Taranaki DHB  
New Plymouth District Council  
TSB Community Trust  
Bay Trust  
Bay of Plenty Regional Council  
Rotorua Energy Charitable Trust  
Hutt Mana Charitable Trust  
Capital and Coast DHB  
Genesis Energy  
Wellington Community Trust  
Wellington City Council  
Lottery Grants Board  
Environment Canterbury  
Orion  
Christchurch Earthquake Appeal  
Age Concern  
Rata Foundation  
Pub Charity Ltd  
Todd Foundation

Main Power  
Cosy Homes  
Otago Community Trust  
Craigs Investment Partners  
Bendigo Valley Foundation  
Akina  
Southern DHB  
Presbyterian Support  
Russell McVeagh  
United way  
The Valley Project  
PowerNet  
Dunedin City Council  
TrustPower  
Pioneer Generation  
WindFlow Technology  
Otago Property Investors Assoc  
Oceana Gold  
CRT Cooperative  
Foot Law Ltd  
University of Otago  
PledgeMe  
Southland Power Trust  
Electricity Invercargill Ltd  
The Power Company  
The Community Trust of Southland  
Invercargill City Council  
Invercargill – Te Ara A Kewa Health Trust  
Southland District Council  
Environment Southland  
Gore District Council  
The Southern Trust

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## Appendix 2 - The Shape of the Healthy Homes Sector

The funding provided through the EECA led Warm Up New Zealand programme has significantly shaped the way the sector looks today:

- Those contracted under the programme have high quality standards.
- At the start of this programme there was many installers who held contracts with EECA. In the last 3-5 years, the number of contracted installers has decreased significantly so the number of installers is low. This has had an impact on the ability of the sector to respond to any future upsurge in demand.
- Has encouraged vertical integration from insulation suppliers so no insulation providers face a difficult market to work in re maintaining margins (being not for profit helps).
- Limited focus on the other areas of housing performance due to lack of funding (such as fixed heating, ventilation, moisture barriers, curtains, deferred maintenance) so we have a lopsided approach, especially at the lower end of the housing market. Many/most homes insulated are therefore still probably cold and damp.

The key stakeholders in the sector are:

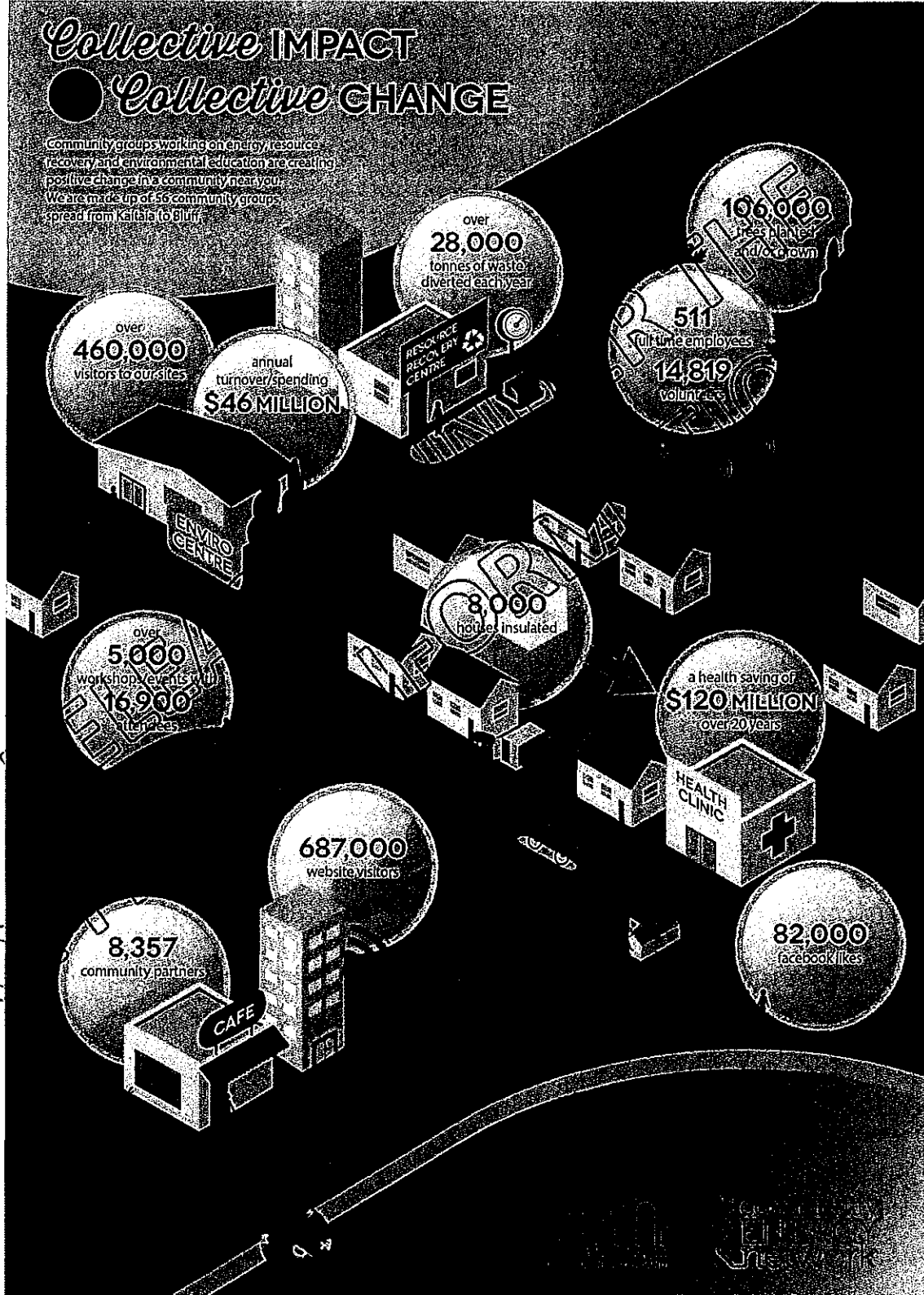
BRANZ	The Building Research Association of New Zealand is an independent and impartial research, testing and consulting organisation. It is the leader regarding scientifically assessed best practice and is a key partner for CEN and member organisations in terms of providing the expert advice.
Eco Design Advisors	EDA's are technical experts in the performance of a house (energy, water and waste) and are usually employed by local Councils. Their core function is to provide free and impartial in-home assessments with practical recommendations to the home owner regarding best bang for their time and money. Three of these EDAs provide training for the Home Performance Advisor training that many CEN members put staff through. At this stage, there are just 8 EDAs although there is potential for this number to grow as the value of the service becomes better understood.
Universities	Some CEN members have excellent working relationships with universities but especially the Department of Public Health at Otago University, led by Philippa Howden-Chapman. Philippa is recognised a leader in healthy home research and some of our members are currently working with Philippa and her team to progress ongoing research in this area.
Government	There are many Ministries that are either directly or indirectly involved in this sector. They include primarily, EECA, Ministry of Health and Ministry of Business Innovation and Enterprise (through the Department of Building and construction) and Social Investment Agency. EECA have been a primary funder through the Warm Up New Zealand programme.
Beacon Pathways	An Incorporated Society with mostly commercial members that are focussed on providing research that generates models and practical tools to improve how homes and neighbourhoods perform. Beacon are a key partner for CEN, alongside Toimata and BRANZ in the development and ongoing operations of the Home Performance Advisor Programme.

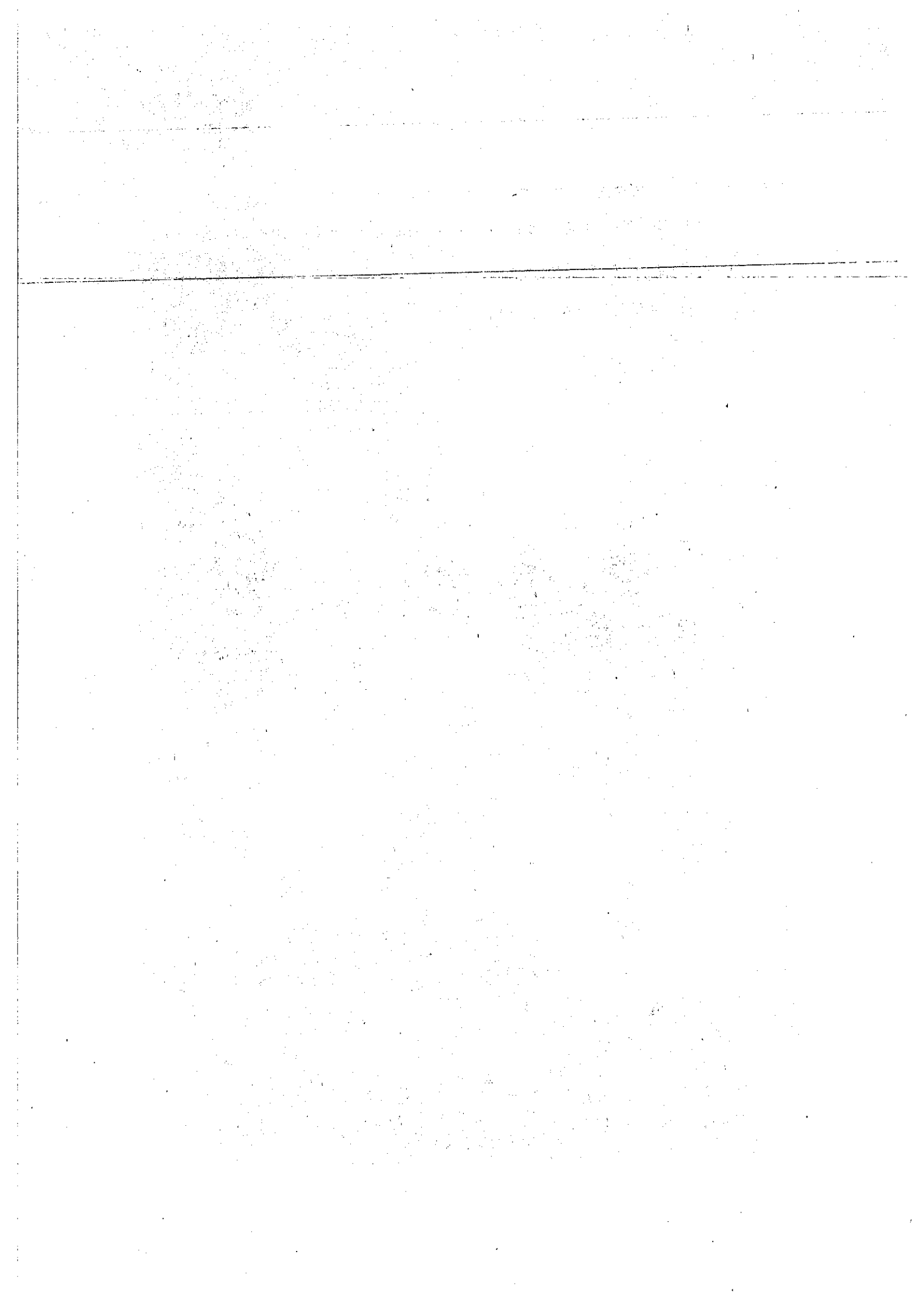
Health providers	DHB and PHO are close partners with many CEN members. There have been some joint projects initiated and successfully implemented, including the recent and very successful collaboration between Canterbury DHB and CEA. The Home Performance Advisor Programme has also trained a high number of District Health nurses on how to identify an unhealthy home.
Insulation Association of NZ	This includes many our commercial competitors but the market is too small, and the overall goal too large, for us to ignore opportunities for collaboration. This collaboration is to ensure appropriate installation quality standards are established and maintained as much as possible within the sector.
Architects and Trades	CEN members work across all parts of the building industry, including new builds as well as retrofits. It is very common for member staff to be working with and helping educate architects and people in the trades to ensure they have the best information available. There are often opportunities for collaboration in terms of upskilling.

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Appendix 3 – Collective Impact

Note that the numbers below reflect just one years' worth of activity









## AIDE MEMOIRE

### Accompanying the Tenancy Compliance and Investigation Team (TCIT) on a Boarding House Inspection on 9 March 2018

<b>Date:</b>	6 March 2018	<b>Priority:</b>	Medium
<b>Security Classification:</b>	In Confidence	<b>Tracker number:</b>	2390 17-18

#### Information for Minister

Hon Phil Twyford

Minister for Housing and Urban Development

#### Contact for telephone discussion

Name	Position	Telephone		1st contact
Phillippa Fox	General Manager Tenancy Services	04 474 2612	s9(2)(a)	
Steve Watson	Manager Tenancy Compliance and Investigations	04 896 5864	s9(2)(a)	✓

#### The following departments/agencies have been consulted

<input type="checkbox"/> Treasury	<input checked="" type="checkbox"/> MoU	<input type="checkbox"/> NZTE	<input type="checkbox"/> MSD	<input type="checkbox"/> TEC	<input type="checkbox"/> MoE
<input type="checkbox"/> MFAT	<input type="checkbox"/> MPI	<input type="checkbox"/> MfE	<input type="checkbox"/> DIA	<input type="checkbox"/> TPK	<input type="checkbox"/> MoH
<input type="checkbox"/> Other:		N/A			

Minister's office to complete:

- |   |  |
|---|--|
| <input type="checkbox"/> Approved             | <input type="checkbox"/> Declined            |
| <input type="checkbox"/> Noted                | <input type="checkbox"/> Needs change        |
| <input type="checkbox"/> Seen                 | <input type="checkbox"/> Overtaken by Events |
| <input type="checkbox"/> See Minister's Notes | <input type="checkbox"/> Withdrawn           |

Comments:



## AIDE MEMOIRE

**Accompanying the Tenancy Compliance and Investigation Team (TCIT) on a Boarding House inspection on 9 March 2018.**

<b>Date:</b>	9 March 2018	<b>Priority:</b>	Medium
<b>Security Classification:</b>	In Confidence	<b>Tracker number:</b>	2390 17-18

### Purpose

You have agreed to accompany the Residential Tenancy, Compliance and Investigation Team (TCIT) to observe a multi-agency inspection of a boarding house located at 59 Gadsby Road, Favona, South Auckland

This aide memoire provides background information and logistical details to inform your visit.

*Steve Watson*  
**Steve Watson**  
 National Manager Compliance and Investigations  
 Housing and Tenancy Services  
 §9(2)(a)  
 Ministry of Business, Innovation and Employment

### Details

TCIT has partnered with the Auckland Council (AC) and Fire & Emergency New Zealand (FENZ) to inspect Boarding Houses in the Auckland region for compliance with the relevant legislation administered by the agencies involved.

This visit is a part of the fourth joint operation undertaken by these Agencies and focuses on Boarding Houses in the Mangere/Otahuhu area.

- Boarding House tenants are a vulnerable sector of the Tenant population and are a key focus area of the TCIT work programme.
- The Deputy Mayor of Auckland, Mr Bill Cashmore, will be in attendance.
- If deemed appropriate and safe by TCIT and Council, you and the Deputy Mayor will have the opportunity to enter the premises, and observe the operational activity.

## Background information

### Tenancy Compliance & Investigations Team Background

1. The Tenancy Compliance and Investigation Team (TCIT) formed in July 2016 as a result of the amendments to the Residential Tenancies Act 1986 (the RTA).
2. TCIT comprises of 19 staff located in Auckland, Porirua and Christchurch.

### TCIT work programme and sector strategies

3. TCIT is mandated to undertake a risk-based approach with a focus on:
  - landlord breaches of the RTA where the premises pose a significant risk to the health or safety of vulnerable people or groups of people;
  - significant and/or persistent breaches of the RTA;
  - landlord actions that undermine the public confidence in the administration of the RTA.
4. We defined the landlord sector into three areas and have developed plans appropriate to the expected levels of knowledge and compliance associated with each sector

Sector	Expectations
Government & Community Housing Providers	Compliance expectations informed by Community Housing Regulatory Authority (CHRA) registration status and TCIT review of tenancy documentation.
Property Management Sector	Compliance is built into the business model and demonstrated professional business approach reflects best business practice. Business systems are in place to demonstrate compliance with the RTA.
Private & Individual Landlords	Being a landlord is viewed as running a small business and not seen as a hobby. Require the most education.

### Boarding House Legislation

5. The RTA was amended in 2010 to provide specific coverage for tenants in Boarding Houses. The amendments were designed to provide protections not previously available to tenants. It also introduced an increased level of landlord responsibilities. A feature of boarding house tenancies enables both tenants and landlords to give less notice than a standard tenancy.
6. Tenants are able to terminate their agreement by giving verbal notice of 48 hours. In periodic (ongoing) tenancies tenants are required to give not less than 21 days' notice in writing. This was intended to reflect the temporary and transient nature of boarding house tenancies at the time.
7. You have been advised of our desire for the current legislation contained in the RTA to be included in the targeted review of the Residential Tenancies Act.

## Boarding House Tenant Focus.

8. Boarding House tenants are considered by TCIT to be some of the most vulnerable tenants and seen to be at a higher risk of being exploited by some landlords who either may not be aware of their responsibilities, or who deliberately fail to comply with their responsibilities under the Residential Tenancies Act.
9. This vulnerable group of tenants has become a focus of risk-based compliance in both the property management and private/independent sector groups.

## Collective Impact and Joint Operations

10. TCIT has a well-established relationship with Auckland Council and we regularly collaborate on matters that affect both agencies.
11. By conducting joint operations it ensures the landlords receive clear and concise information relating to their obligations under the Residential Tenancies Act 1986 (RTA) along with responsibilities placed on them by other legislation enforced by Auckland Council and Fire & Emergency New Zealand (FENZ).
12. Legislation that is encompassed by this work includes:
  - Residential Tenancies Act 1986
  - Resource Management Act 1991
  - Building Act 2004 & Building Code
  - Fire Regulations
  - Health Act 1956
  - Housing Improvement Regulations 1947
13. By taking a proactive approach to visiting these boarding houses, we also increase our visibility to both landlords and tenants of boarding houses without relying on complaints. We are also empowering the tenants to take control of their living environments by demonstrating a zero tolerance toward landlords who fail to provide warm, dry and safe properties.
14. To date 58 boarding houses in the Auckland area have been visited as a part of the Joint Operation with Auckland Council and Fire & Emergency New Zealand (FENZ).

## Operational Outputs

15. Joint operations enable a targeted enforcement approach that clearly defines what the landlord needs to do to achieve compliance with the respective legislation if needed. It also provides a clear line of sight for the landlord regarding which agency is responsible for the legislation.
16. A multi-agency approach sends a strong message to non-compliant landlords that they need to behave responsibly and lawfully and that ignorance is not an excuse.
17. It is frequently found, that a landlord with questionable business practice is in breach of more than one piece of legislation. Having a dual agency focus also allows conversation to be had to determine appropriate enforcement options.
18. To date, the majority of corrective action required to be undertaken have related to legislation that falls under the jurisdiction of Auckland Council.
19. Compliance with the RTA has generally been satisfactory, with low-level corrections to administrative procedures requiring the most attention.

**Operation Participants**

20. You can expect the following Operational Staff to be present during this visit:

**Tenancy Compliance & Investigations Team**

Elette Painter - Senior Investigator  
Alistair Schmidt - Investigating Officer

**Auckland Council**

Luzette Singh-Williams – Resource Management Act – Senior Project Specialist  
Adrian Wilson - Team Leader – Targeted Initiatives Team  
Jenny Zhang – Building Act - Senior Project Specialist  
Brett Playle – Health Act - Senior Environmental Health Officer

**Fire and Emergency New Zealand**

Robert Watson & Terry Jordon

21. You can expect the following Agency Representatives to be present

**Housing & Tenancy Services, MBIE**

Phillippa Fox – General Manager  
Steve Watson – National Manager, TCIT (Steve will be your point of contact)  
Casey Hamilton Harrison – Principal Engagement & Communications Advisor

**Auckland Council**

Bill Cashmore, Deputy Mayor of Auckland  
Mervyn Chetty – Environmental Health Manager

**Operational Health & Safety**

22. A full Operation plan including health, safety and security considerations and requirements has been prepared and approved by the National Manager, TCIT.
23. We understand that you have expressed a desire to enter the boarding house to observe the actual conditions of the premises.
24. A full risk assessment will be undertaken and, if appropriate, permission sought from the landlord/premise operator for you and the Deputy Mayor to enter the premises.
25. Liaison regarding entry will be facilitated by the TCIT Senior Investigator communicated to you by the TCIT National Manager.
26. Please refer to the Logistics & Execution section for further information.

## Logistics & Execution

- You are invited to the TCIT Team briefing as per the below schedule.
- Alternately, all agencies have agreed to meet at the Safe Arrival Point (SAP) no later than 8.45am.
- You will meet the following officials:
  - Phillippa Fox, General Manager Housing and Tenancy Services
  - Steve Watson, National Manager Compliance and Investigations
 who will introduce the team and give an overview of the operation.
- A full health and safety briefing will be carried out prior to entry.
- Your staff will have the opportunity to raise any concerns at the conclusion of the health and safety briefing. You will be briefed regarding each Agencies involvement and the process that they follow during their inspections.

### OPERATION SCHEDULE:

Time	Duration	Action/event	Location
7.45am	15 mins	TCIT Team briefing (Minister to indicate if he wants to attend the briefing)	MBIE Offices 15 Davies Avenue, Manukau
8.00 – 8.45am	30 mins	Travel to SAP 23 Bukem Place, Favona, Auckland (Roadside parking available)	
8.45 – 9.00am	15 mins	Introduction and overview of Operation by Steve Watson.  Meet Auckland City Council and Fire and Emergency inspectors. Introduction to additional guests. Go over health and safety requirements along with exit strategy if required.	23 Bukem Place, Favona, Auckland
9.00am	60 mins	Carry out site inspection	59 Gadsby Road, Favona, Auckland
9.15am		TCIT staff to advise National Manager if entry will proceed	
9.15 - 9.35am	20 mins	Senior Investigator and National Manager escort Minister and Deputy Mayor through premises	
9.35 – 9.50	15 mins	Officials leave premises. Minister's opportunity to ask any questions before departing venue.	
10.00am	10 mins	Operation debrief at SAP TCIT staff return to Manukau office for debrief	23 Bukem Place, Favona, Auckland

### Communications/media

- No media will be invited to this event due to operational requirements.
- The Ministry's Communications Advisor Casey Hamilton Harrison will be attending to take photos of the visit for use in the Ministry's internal publications.
- The Ministry's Communications team will liaise with your office regarding subsequent press activity, if required.

### Contacts

Name	Position/organisation	Telephone	Will meet you on arrival
Phillippa Fox	GM Tenancy Services	04 474 2612	Yes
Steve Watson	National Manager Tenancy Compliance and Investigations	04 896 5864	Yes

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## EVENT BRIEFING

### Talking points for BRANZ Air Infiltration and Ventilation Centre workshop on 19 March 2018

Date:	14 March 2018	Priority:	Low
Security Classification:	In Confidence	Tracker number:	2377 17-18

#### Information for Minister

Hon Phil Twyford

Minister of Housing and Urban Development

#### Contact for telephone discussion (if required)

Name	Position	Telephone	1st contact
Claire Leadbetter	Policy Manager	04 901 8751	✓
Cade Bedford	Policy Advisor	04 901 4967	

#### The following departments/agencies have been consulted

<input type="checkbox"/> Treasury	<input checked="" type="checkbox"/> MoJ	<input type="checkbox"/> NZTE	<input type="checkbox"/> MSD	<input type="checkbox"/> TEC	<input type="checkbox"/> MoE
<input type="checkbox"/> MFAT	<input type="checkbox"/> MPI	<input checked="" type="checkbox"/> MfE	<input type="checkbox"/> DIA	<input type="checkbox"/> TPK	<input type="checkbox"/> MoH
<input type="checkbox"/> Other:		N/A			

Minister's office to complete:

- |   |  |
|---|--|
| <input type="checkbox"/> Approved             | <input type="checkbox"/> Declined            |
| <input type="checkbox"/> Noted                | <input type="checkbox"/> Needs change        |
| <input type="checkbox"/> Seen                 | <input type="checkbox"/> Overtaken by Events |
| <input type="checkbox"/> See Minister's Notes | <input type="checkbox"/> Withdrawn           |

Comments:

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## EVENT BRIEFING

### Talking points for BRANZ Air Infiltration and Ventilation Centre workshop on 19 March 2018

Date:	14 March 2018	Priority:	Low
Security Classification:	In Confidence	Tracker number:	2377 17-18

### Purpose

This briefing provides talking points for your speech to the BRANZ Air Infiltration and Ventilation Centre workshop on airtightness and ventilation on Monday 19 March at 9.00am.

The workshop provides an opportunity to inform local and international ventilation experts on the Government's work on increasing housing supply and improving housing quality, including opportunities for them to contribute to creating warm and dry buildings in New Zealand.

*CL*  
Claire Leadbetter

Policy Manager, Housing and Urban Branch

s9(2)(a)

Ministry of Business, Innovation and Employment

13/03/2018

### Event details

1. You have requested talking points to support you at the BRANZ<sup>1</sup> Air Infiltration and Ventilation Centre workshop.
2. The event will be hosted at Te Papa on Monday 19 and Tuesday 20 March 2018. You will be met on arrival at 9.00am on Monday 19 March by Mark Jones, BRANZ Building Performance Research Team Leader and Chair for the workshop, and Ministry of Business, Innovation and Employment official Cade Bedford.
3. You will be giving the keynote address in the opening session of the workshop at 9.05am. You are scheduled to speak for 10 minutes and take questions from workshop attendees. Talking points and questions and answers to support your speech are attached to this briefing.
4. Your speech will be followed by speakers from the ventilation industry. We understand that media and other political speakers are not expected to be present at the workshop.

<sup>1</sup>BRANZ is a leading independent and impartial research, testing, and consulting organisation focused on the building industry. They are funded through the Building Research Levy.

## Background information on the AIVC Workshop

5. The objective of the workshop is to discuss and identify ways to improve airtightness and ventilation of houses and the impact of poor performance on energy consumption and health.
6. The event is organised by the Air Infiltration and Ventilation Centre (AIVC), which was established in 1979 by the International Energy Agency. The AIVC is an international group that offers industry and research organisations technical support aimed at optimising ventilation technology.
7. New Zealand is one of the AIVC member countries with experts from BRANZ contributing to AIVC research work.
8. The annual workshop brings together representatives from China, Europe, the United States, and Australia to discuss ventilation, airtightness, and indoor air quality research. The last time an AIVC workshop was held in New Zealand was 1987.
9. Specific topics that will be covered at the workshop are:
  - indoor air quality in schools and residential buildings;
  - ventilation and its impact on energy and health outcomes for occupants; and
  - airtightness trends and requirements in New Zealand.
10. Both local and international attendees will be interested in the current housing challenges for New Zealand and broader housing topics such as:
  - current building activity and increasing the supply of new builds;
  - the need to make housing more affordable whilst increasing quality;
  - increasing awareness of the impact of housing quality, including indoor air quality, on occupant health; and
  - energy poverty in New Zealand and how that impacts on housing outcomes.

## Risks and mitigations

11. There are no specific risks associated with this event.

## Key contacts

Mark Jones

*Building Performance Research Team Leader, BRANZ*

- Mark Jones is Chair of the workshop and will greet you on arrival at Te Papa
- Contact details: §9(2)(a)



## **Annexes**

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- Annex One: Talking points for your presentation
  - Annex Two: Questions and Answers
- 

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## **Annex One: Talking points**

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### **Introduction**

- Kia ora tatou. Thank you for inviting me here today. I know some of you have travelled a long way to be here and I welcome you all.
- I am pleased to have the opportunity to talk to a group of professionals dedicated to improving the quality of our homes and buildings.

### **The New Zealand housing context**

- Housing plays a vital role in the well-being of New Zealanders. Safe, healthy, affordable homes are the foundation to building happy and successful lives.
- Beyond the basic human need for shelter, good housing underpins a range of social, economic, and health outcomes for New Zealanders.
- At a national scale, housing is our most significant store of private wealth and, for many people, underpins their retirement savings and wealth generation.
- We have a high level of homeownership in comparison to other western countries supported by previous large scale government housing programmes.
- However home ownership rates and affordability have declined in the past decade with increasing pressures on the supply and pricing of housing. This is particularly evident in our main urban centres.

### **Supply**

- My officials estimate the current shortfall of housing stock, relative to household demand, amounts to 45,000 houses in Auckland, New Zealand's largest city.
- Other cities around New Zealand have housing shortfalls of between 1,000 and 4,500 houses.
- Amongst other factors, housing shortfalls have contributed to a steady rise in the average cost of housing in New Zealand. Property values increased by 6.5 per cent in just the last year.
- Cities such as Auckland and Queenstown have been identified as having the biggest affordability challenges. In February the median house value in Auckland was a little over \$1 million and in Queenstown it was \$1.1 million. This is 15 times<sup>2</sup> the median income in New Zealand of \$72,000 per year.
- Diminishing housing affordability is a problem for first home buyers and renters, particularly in areas of high demand like Auckland and Queenstown.
- Addressing housing shortfalls requires a significant increase in the supply of housing to meet a wide variety of needs.

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<sup>2</sup> As at March 2018 based on median house price/median income.

- The housing development market in New Zealand is currently made up of small construction firms working on expensive land and builders are incentivised to build large homes to maximise returns.
- Large homes are expensive to buy and do not meet the needs of many first home buyers and people on low incomes.

### Quality

- The Government is committed to ensuring a high standard of quality in New Zealand houses and this requires good minimum standards and checks.
- We know there are strong public health arguments for requiring warm and dry homes. Poor quality housing can lead to a range of health conditions, particularly in children and older people.
- BRANZ has contributed significantly to our understanding of housing quality in New Zealand, including the differences in quality between owner-occupied and rental homes, and the importance of ventilation in managing moisture inside New Zealand homes.
- Indoor moisture has long been recognised as a problem in New Zealand houses, going back to the 1940s.
- We are currently looking at options for improving ventilation in rental homes as one way of improving their quality.

### Energy poverty

- Electricity is the primary, and often the only, energy source for most households. While electricity bills are a relatively small portion of household expenditure, they can be a considerable source of stress – especially during winter when we rely on electricity to keep warm.

Insulation is vital to maintaining warmth in our houses. Through the Warm Up New Zealand programme over 300,000 homes have received assistance to install insulation.

### Government response

- Fixing the housing crisis in New Zealand is one of the Government's top priorities and we are not wasting any time.
- The Government has an overarching plan to make housing affordable, healthy and appropriate to needs of New Zealanders.
- To achieve this we are building quality houses where they are needed most and improving the standard of rental houses across country.

## KiwiBuild

- The Government is combating the national housing shortage through a bold, large scale building initiative called KiwiBuild.
- The KiwiBuild programme will build 100,000 high quality, affordable homes for first home buyers over the next 10 years, with 50 per cent of them in Auckland.
- KiwiBuild also presents an opportunity to help transform the construction sector and address its current capacity and capability constraints.
- A key part of the concept for KiwiBuild is that it will provide certainty of demand for residential builders. We will be looking to partner with developers and companies that have the capacity to scale up and help us achieve our ambitious goal of delivering thousands of homes each year.
- As part of improving construction productivity, one of the other things that we're hoping KiwiBuild will help us deliver is a reduction in build costs, through providing economies of scale, and through off-site manufacturing and panelised construction.

## Healthy Homes Guarantee Act

- The Government has made a commitment to ensure that rental homes are of a quality that enables renters to live healthy lives.
- Renting has become a life-long reality for many Kiwi families, and we need to ensure tenants have access to a warm and dry home.
- We aim to close the gap in housing quality standards between owner-occupier houses and rental houses.
- In our first 100 days we passed the Healthy Homes Guarantee Act which aims to address a lack of clearly defined, widely accepted, and readily enforceable minimum standards for important aspects of housing quality for rental premises.
- This Act enables the Government to develop and implement minimum standards for heating, insulation, ventilation, draught stopping, drainage, and moisture ingress control in rental properties.

For example we are looking at things like making sure heating methods are in place to make a home warmer, and is supported by adequate insulation. We're also looking at whether mechanical ventilation systems in bathrooms and kitchens might be a good idea, to help prevent damp and moisture in rental homes.

- The Government will run a consultation process before the regulations are made to ensure tenants, landlords, public health and building science experts and industry representatives have an opportunity to get involved in creating these minimum standards.
- My officials are creating a discussion document as we speak, outlining the potential minimum standards. I expect the document will be released for public comment and feedback in the next few months.

### How attendees can help

- Your workshop today is timely as I am keen for expert advice to inform the initiatives we have underway in the housing and construction area.
- Along with building houses and improving quality, the Government is also looking at simplifying the Building Code and we are developing a skills strategy for the construction sector to ensure we have the workforce we need to address the housing shortage.
- The expertise of professionals such as yourselves will be most welcome as we get on and fix the housing crisis in New Zealand.

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## **Annex Two: Questions and Answers**

### **Why is the Government implementing a programme to increase the housing supply when indications are that the housing market is softening?**

This is precisely the time when the Government should be active to smooth the classic boom/bust cycle in our building industry. We want the KiwiBuild programme to keep up the momentum of housing supply and ensure developers keep building the homes we need. In Auckland alone we have a shortfall of some 45,000 homes and we can't let this trend continue or get worse.

### **How will the Government fund KiwiBuild?**

Construction of KiwiBuild homes will be financed by an initial \$2 billion capital injection, which will be recycled as the houses are sold, and returned to the Crown at the end of the KiwiBuild programme.

KiwiBuild will provide scale and certainty to the industry that will help develop new innovative approaches to building in New Zealand, and ensure KiwiBuild homes are built in an efficient and effective way.

### **How will the Government deliver KiwiBuild?**

KiwiBuild will ramp up over time to deliver 100,000 affordable homes over the next decade. KiwiBuild will look to streamline the planning and consenting process to increase the pace of new developments.

The Government will work with the private sector, establish a home building programme and establish major greenfield and urban development regeneration projects.

### **How can the industry get involved in KiwiBuild?**

This is going to be a huge undertaking that will deliver better lives for Kiwi families. To achieve it, the Government will work with business, local government, iwi, community groups and experts.

The KiwiBuild unit is getting set up and details of how to get involved will be announced soon. In the meantime it would be useful to continue the conversations we are having with industry and to hear what you feel is critical to KiwiBuild's successful delivery.

### **What is the price of an affordable home?**

KiwiBuild aims to deliver homes priced between \$300,000 and \$600,000 depending on their location and typology.

The Government will also investigate new homeownership models to increase access to homes for first home buyers.

### **How do New Zealand houses compare internationally in terms of quality?**

The data available on housing quality in New Zealand is still limited. Work is underway to improve our understanding of the state of our housing stock. For example, this year questions about housing quality were included in the 2018 Census. The information collected across such a wide sample of homes will give us a better understanding of people's perception of incidents of mould and damp within their homes, and to help us understand the overall condition of New Zealand's housing.

### **How will the Government achieve the affordable purchase prices?**

KiwiBuild will help transform the building and construction sector in New Zealand enabling the delivery of quality affordable homes. The programme will deliver the 100,000 affordable homes by using good design, efficient use of land, scale of procurement and innovative production.

### **What is the Government doing to improve housing quality?**

In 2001 and 2008 updates to the Building Code strengthened building standards for new builds. The Ministry of Business, Innovation and Employment continues to ensure the Building Code reflects appropriate standards for healthy homes.

In 2016 the Residential Tenancies (Smoke Alarms and Insulation) Regulations came into force. These regulations require all rental properties to have ceiling and floor insulation where reasonably practicable by 1 July 2019. This requirement has meant approximately 190,000 rental households will have modern insulation installed.

The Healthy Homes Guarantee Act passed in December 2017 aims to make rental homes warmer, drier, and healthier. The Act allows regulations to be made for standards that landlords must comply with relating to heating, insulation, ventilation, moisture ingress, draught-stopping, and drainage.

The Ministry of Business, Innovation and Employment expects to consult on the regulations that will set the proposed standards and the timeframes for landlords' compliance in the middle of this year.

### **Will the insulation requirements for new houses be increased?**

Officials responsible for maintaining and updating the Building Code monitor trends and research relating to building and the indoor environment and recommend changes where evidence is sufficiently strong. The important research of technical experts such as the AIVC is very important in informing these discussions.

### **What will be in the healthy homes ventilation standards?**

We are still developing the content of the standards and I expect more details to be available in the coming months.

### **How can the ventilation industry have input into the development of the standards?**

I want the standards to be as robust and evidence-based as possible so I welcome the input of experts in their development. Public consultation, including stakeholder workshops, will be held in the coming months and you will be able to have a say then.

### **How will landlords know what will be in the standards and how to meet them?**

There will be consultation on the proposed standards so landlords and tenants will have an opportunity to shape the requirements. Once the standards have been finalised, there will be an information and education programme to make people aware of the new requirements and what landlords need to do to require.

### **How will you know whether landlords are complying with the healthy homes standards?**

Earlier surveys found that approximately 75 per cent of landlords are likely to voluntarily comply with the new standards. There will be a monitoring and enforcement system put in place for those that do not comply.



## EVENT BRIEFING

### Talking points for Eco-Design Advisor Conference on 20 March 2018

Date:	16 March 2018	Priority:	Low
Security Classification:	In Confidence	Tracker number:	2573 17-18

#### Information for Minister

Hon Phil Twyford  
Minister of Housing and Urban Development

#### Contact for telephone discussion (if required)

Name	Position	Telephone	1st contact
Claire Leadbetter	Policy Manager	04 901 8751	✓
Cade Bedford	Policy Advisor	04 901 4967	

#### The following departments/agencies have been consulted

<input type="checkbox"/> Treasury	<input type="checkbox"/> MoJ	<input type="checkbox"/> NZTE	<input type="checkbox"/> MSD	<input type="checkbox"/> TEC	<input type="checkbox"/> MoE
<input type="checkbox"/> MFAT	<input type="checkbox"/> MPI	<input type="checkbox"/> MfE	<input type="checkbox"/> DIA	<input type="checkbox"/> TPK	<input type="checkbox"/> MoH
<input type="checkbox"/> Other:		N/A			

Minister's office to complete:

- |   |  |
|---|--|
| <input type="checkbox"/> Approved             | <input type="checkbox"/> Declined            |
| <input type="checkbox"/> Noted                | <input type="checkbox"/> Needs change        |
| <input type="checkbox"/> Seen                 | <input type="checkbox"/> Overtaken by Events |
| <input type="checkbox"/> See Minister's Notes | <input type="checkbox"/> Withdrawn           |

Comments:



## EVENT BRIEFING

### Talking points for Eco-Design Advisor Conference on 20 March 2018

<b>Date:</b>	16 March 2018	<b>Priority:</b>	Low
<b>Security Classification:</b>	In Confidence	<b>Tracker number:</b>	2573 17-18

#### Purpose

This briefing provides talking points for your speech to the Eco-Design Advisors Conference on Tuesday 20 March 2018 at 9.00am.

The conference provides an opportunity to inform stakeholders on the Government's work on increasing housing supply and improving housing quality, including opportunities for them to contribute to creating warm and dry buildings in New Zealand.

Claire Leadbetter  
Policy Manager, Housing and Urban Branch  
39(2)(a)  
Ministry of Business, Innovation and Employment  
..... / ..... / .....

#### Event details

1. You have requested talking points to support you at the Guaranteeing Healthy Homes: Eco Design Advisor Conference 2018.
2. The event will be hosted at CQ Hotel, 223 Cuba Street, Wellington on Tuesday 20 March and Wednesday 21 March 2018. You will be met on arrival at 9.00am on Tuesday 20 March by conference organiser Vicki Cowan, and Ministry of Business, Innovation and Employment official Cade Bedford.
3. You will be giving the opening address at 9:15am. You are scheduled to speak for 10-15 minutes. Talking points and questions and answers to support your speech are attached to this briefing.
4. Your speech will be followed by the keynote speech from journalist Rod Oram. We understand that no other media or political speakers are expected to be present at the conference.
5. After the morning tea break Cade Bedford will speak during the rental section of the Conference. He will speak about the challenges in the rental sector and Government initiatives to better support renters.

## Background information on the Eco Design Advisor Conference

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6. The objective of the conference is to discuss and identify ways to make New Zealand homes healthier.
7. The event is organised by the Eco Design Advisors (EDAs) Network, which was established in 2006 by BRANZ in recognition of the gap in the market for robust technical advice that was free of sales and marketing of specific products.
8. EDAs are employed by Councils and offer their rate payers free advice on new builds as well as retrofitting options for existing housing stock. They are housing representatives for councils, and give presentations and support to industry and community groups e.g. refugee groups learning to live in New Zealand homes.
9. The following Councils employ EDAs
  - Auckland Council
  - Palmerston North City Council
  - Hutt City Council
  - Christchurch City Council.
  - Hamilton City Council
  - Kapiti Coast District Council
  - Nelson City Council
10. The network maintains their professional development through their ongoing relationship with BRANZ and all current EDAs are certified Home Performance Advisors<sup>1</sup>.
11. Attendees will be interested in the Government's priorities with respect to improving housing outcomes for both new and existing stock as well as broader housing topics such as:
  - a. the link between our homes and our health,
  - b. the importance of home performance to all New Zealanders; and
  - c. the importance of New Zealanders getting quality advice so they can make good decisions for their home and whanau.

## Risks and mitigations

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12. There are no specific risks associated with this event.

## Key contacts

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Vicki Cowan

Consultant, Beacon Pathway Incorporated

- Vicki Cowan is conference organiser and will greet you on arrival at CQ Hotel at 223 Cuba Street, Wellington at 9.00am.
- Contact details: 59(2)(a)



## Annexes

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- Annex One: Talking points for your presentation
- Annex Two: Questions and Answers

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<sup>1</sup> An industry-recognised certification programme for advisors in the home energy efficiency and house performance sector.

## **Annex One: Talking points**

### **Introduction**

- Kia ora tatou. Thank you for inviting me here today.
- I'm pleased to have the opportunity to talk to a group of professionals who lead the way in turning research and policy on healthy homes into practical advice for households.

### **The New Zealand housing context**

- There is no doubt that New Zealand is in the midst of a housing crisis. The recent 'Stocktake of New Zealand's Housing' concluded that:
  - Home ownership rates have fallen to the lowest levels in 60 years. These days, well over a third of us are renting. Renting is now a long-term reality for many Kiwi families.
  - The quality of New Zealand's housing stock needs to improve. Poor quality housing can lead to a range of health conditions, particularly in children and older people.
  - Homelessness or severe housing deprivation has increased significantly between the past two Censuses.
- And of course we know that New Zealand has a desperate shortage of houses. In Auckland alone, my officials estimate there is a shortfall of 45,000 homes.
- This housing crisis is totally unacceptable. It wasn't always this way; it doesn't have to be this way and it can and will be fixed. Every New Zealander deserves the solid foundation of a warm and dry home that allows them to thrive.

### **Government's response**

- My government has a broad housing reform agenda designed to fix this crisis and we're getting on with it:

- We're introducing legislation so only citizens and permanent residents can buy existing homes

- We're extending the bright line test to five years so, if a speculator sells a rental property within five years they will pay income tax on the capital gain

- We've reversed the sell-off of state houses. No more state houses will be sold and we've embarked on an ambitious building programme, both in Auckland where the need is most acute, and across the regions

- We passed the Healthy Homes Guarantee Act in December, and officials will soon release consultation material to get input about creating six standards for rental homes

- We're reviewing the Residential Tenancies Act to modernise tenancy laws and provide more security of tenure for renters

- And we have committed \$2 billion to get KiwiBuild off the ground. KiwiBuild will oversee the construction of 100,000 affordable homes for first home buyers - half of them in Auckland.
- However, government cannot solve the housing crisis alone. Many organisations and professionals have a role to play in providing New Zealanders with the warm and dry home they deserve. Which brings me back to why I'm so pleased to be speaking with you today.
- Professional Eco Design Advisers are key to realising some of the benefits of many of our policies.
- That's because life outcomes are influenced as much by how we live in our houses as they are by the quality of the house itself. And I understand your profession provides advice to achieve maximum performance from both parts of that equation.

### **KiwiBuild**

- Going back now to some of the policies we're implementing to make life better for New Zealanders.
- The Government is combating the national housing shortage through KiwiBuild, a bold, large scale building initiative.
- The 100,000 high quality, affordable homes built through KiwiBuild presents an opportunity to help transform the construction sector and address its current capacity and capability constraints.
- A key part of the concept for KiwiBuild is that it will provide certainty of demand for residential builders. We will be looking to partner with developers and companies that have the capacity to scale up and help us achieve our ambitious goal of delivering thousands of homes each year.
- As part of improving construction productivity, one of the other things that we're hoping KiwiBuild will help us deliver is a reduction in build costs, through providing economies of scale, and through off-site manufacturing and panellised construction.

### **Making life better for renters**

- To make life better for renters we passed the Healthy Homes Guarantee Act and are now developing the healthy home standards to ensure rental properties are kept warm and dry. Officials from the Ministry of Business, Innovation and Employment are preparing to consult on the technical details of the standards and I expect consultation material to be released soon.
- Broadly, the standards will take into account all of the main things that contribute to making a house warm and dry; that is, ways to achieve appropriate levels of heating and insulation, ventilation, protection against moisture ingress, draughts and adequate drainage.
- The regulations will mandate obligations for landlords to install or provide equipment to achieve the standards, and timelines to complete those activities.

- We're also looking into requirements about the inspection, maintenance, and/or replacement of that equipment.
- To back this all up, we're considering if compliance capacity within MBIE should be strengthened to include proactive inspections and investigations.
- For example we are looking at things like making sure heating methods are in place to make a home warmer, and is supported by adequate insulation. We're also looking at whether mechanical ventilation systems in bathrooms and kitchens might be a good idea, to help prevent damp and moisture in rental homes.
- I'm sure there's no need to remind you all here today that your input to the consultation will be valuable and welcome. I hope you'll all take the time to share your expertise and experience so we end up with robust, workable and sustainable standards that deliver warm, dry homes for our tenant population.

### Security of tenure

- As well as improving the standard of rental homes, another initiative to make life better for renters is to modernise our tenancy laws.
- With such a large proportion of Kiwi families living in rented homes, we must improve the security of their tenure. It's not good enough that renters can be evicted for no good reason. So as well as looking at removing the no cause 90 day terminations, we'll look into limiting rent increases to once per year, allowing tenants to make alterations to a home if certain conditions are met, and whether tenants should be allowed to keep a pet.

### Closing remarks

- While I've focussed today on the housing challenge, our plan is not just about building houses. We're also partnering with iwi, local authorities, industry, and others to build whole communities. We will create the types of cities, towns and communities Kiwis want; that is, communities with a range of housing types, tenures, and price brackets, and with the infrastructure and transport systems they need.
- It's a big job but we're up for it. I'm optimistic that the initiatives and policies we're driving, coupled with a partnership approach, will reverse the negative social and economic outcomes this housing crisis is imposing on New Zealanders.
- I welcome and thank you, and the Councils you represent, for your contribution to these goals.



## **Annex Two: Questions and Answers**

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### ***Housing Quality***

#### **How do New Zealand houses compare internationally in terms of quality?**

The data available on housing quality in New Zealand is still limited. Work is underway to improve our understanding of the state of our housing stock. For example, this year questions about housing quality were included in the 2018 Census. The information collected across such a wide sample of homes will give us a better understanding of people's perception of incidents of mould and damp within their homes, and to help us understand the overall condition of New Zealand's housing.

#### **What is the Government doing to improve housing quality?**

In 2001 and 2008 updates to the Building Code strengthened building standards for new builds. The Ministry of Business, Innovation and Employment continues to ensure the Building Code reflects appropriate standards for healthy homes.

In 2016 the Residential Tenancies (Smoke Alarms and Insulation) Regulations came into force. These regulations require all rental properties to have ceiling and floor insulation where reasonably practicable by 1 July 2019. This requirement has meant approximately 190,000 rental households will have modern insulation installed.

The Healthy Homes Guarantee Act passed in December 2017 aims to make rental homes warmer, drier, and healthier. The Act allows regulations to be made for standards that landlords must comply with relating to heating, insulation, ventilation, moisture ingress, draught stopping, and drainage.

The Ministry of Business, Innovation and Employment expects to consult on the regulations that will set the proposed standards and the timeframes for landlords' compliance in the middle of this year.

#### **Will the insulation requirements for new houses be increased?**

Officials responsible for maintaining and updating the Building Code monitor trends and research relating to building and the indoor environment and recommend changes where evidence is sufficiently strong. The important research of technical experts such as the AIVC is very important in informing these discussions.

#### **What will be in the healthy homes ventilation standards?**

We are still developing the content of the standards and I expect more details to be available in the coming months.

#### **How can the ventilation industry have input into the development of the standards?**

I want the standards to be as robust and evidence-based as possible so I welcome the input of experts in their development. Public consultation, including stakeholder workshops, will be held in the coming months and you will be able to have a say then.

#### **How will landlords know what will be in the standards and how to meet them?**

There will be consultation on the proposed standards so landlords and tenants will have an opportunity to shape the requirements. Once the standards have been finalised, there will be an information and education programme to make people aware of the new requirements and what landlords need to do to require.

## **How will you know whether landlords are complying with the healthy homes standards?**

Earlier surveys found that approximately 75 per cent of landlords are likely to voluntarily comply with the new standards. There will be a monitoring and enforcement system put in place for those that do not comply.

## **KiwiBuild**

### **Why is the Government implementing a programme to increase the housing supply when indications are that the housing market is softening?**

This is precisely the time when the Government should be active to smooth the classic boom/bust cycle in our building industry. We want the KiwiBuild programme to keep up the momentum of housing supply and ensure developers keep building the homes we need. In Auckland alone we have a shortfall of some 45,000 homes and we can't let this trend continue or get worse.

### **How will the Government fund KiwiBuild?**

Construction of KiwiBuild homes will be financed by an initial \$2 billion capital injection, which will be recycled as the houses are sold, and returned to the Crown at the end of the KiwiBuild programme.

KiwiBuild will provide scale and certainty to the industry that will help develop new innovative approaches to building in New Zealand, and ensure KiwiBuild homes are built in an efficient and effective way.

### **How will the Government deliver KiwiBuild?**

KiwiBuild will ramp up over time to deliver 100,000 affordable homes over the next decade. KiwiBuild will look to streamline the planning and consenting process to increase the pace of new developments.

The Government will work with the private sector, establish a home building programme and establish major greenfield and urban development regeneration projects.

### **How can the industry get involved in KiwiBuild?**

This is going to be a huge undertaking that will deliver better lives for Kiwi families. To achieve it, the Government will work with business, local government, iwi, community groups and experts.

The KiwiBuild unit is getting set up and details of how to get involved will be announced soon. In the meantime it would be useful to continue the conversations we are having with industry and to hear what you feel is critical to KiwiBuild's successful delivery.

### **What is the price of an affordable home?**

KiwiBuild aims to deliver homes priced between \$300,000 and \$600,000 depending on their location and typology. The Government will also investigate new homeownership models to increase access to homes for first home buyers.

### **How will the Government achieve the affordable purchase prices?**

KiwiBuild will help transform the building and construction sector in New Zealand enabling the delivery of quality affordable homes. The programme will deliver the 100,000 affordable homes by using good design, efficient use of land, scale of procurement and innovative production.