



Briefing

Preferred Options for the Healthy Homes Standards: draft Cabinet Paper for ministerial consultation

Date:	29 November 2018	Security level:	In Confidence
Priority:	High	Report number:	BRF18/19110085

Action sought

	Action sought	Deadline
Hon Phil Twyford Minister of Housing and Urban Development	Agree to consult with your ministerial colleagues on the Cabinet paper: <i>Preferred Options for the Healthy Homes Standards</i> between 29 November and 4 December.	29 November 2018

Contact for discussion

Name	Position	Telephone	1 st contact
Claire Leadbetter	Manager, Tenancy and Rental Housing Quality	04 901 8751	s 9(2)(a) ✓
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Other agencies consulted

The proposed standards were developed with the Energy Efficiency and Conservation Authority, the Ministry of Business, Innovation and Employment, the Ministry of Health, the Ministry of Social Development, Housing New Zealand Corporation, the Ministry for the Environment, Te Puni Kōkiri, Heritage New Zealand, the Inland Revenue Department, the Treasury, and the Department of the Prime Minister and Cabinet.

Other operational agencies were specifically consulted on the financial implications of the proposed standards on their housing stock. These include Housing New Zealand Corporation, the Ministry of Social Development, the New Zealand Defence Force, Land Information New Zealand, the Ministry of Education, the Department of Corrections, the Ministry of Business, Innovation and Employment, and Te Puni Kōkiri.

Minister's office to complete

- ☐ Noted
- ☐ Seen
- ☐ See Minister's notes
- ☐ Needs change
- ☐ Overtaken by events
- ☐ Declined
- ☐ Referred to (specify)

Comments

Date returned to MHUD:



Briefing

Preferred Options for the Healthy Homes Standards: draft Cabinet Paper for ministerial consultation

For: Hon Phil Twyford, Minister of Housing and Urban Development

Date: 29 November 2018

Security level: In Confidence

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Report number: BRF18/19110085

Purpose

1. To provide you with a draft Cabinet paper: *Preferred Options for the Healthy Homes Standards* and supporting material for you to undertake ministerial and cross-party consultation.
2. To seek your feedback on the draft Cabinet paper and any changes following ministerial consultation, to be incorporated prior to the paper being lodged with the Cabinet Office for consideration by the Social Wellbeing Committee on 12 December 2018.

Recommended actions

3. It is recommended that you:

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|---|-------------------------|
| 1. Note the attached draft Cabinet Paper detailing the preferred healthy homes standards, and supporting material for you to undertake ministerial consultation, | <i>Noted</i> |
| 2. Agree to consult with your ministerial colleagues on the Cabinet paper between 29 November and 4 December 2018, | <i>Agree / Disagree</i> |
| 3. Agree to provide feedback to officials by 5 December to allow any changes to be made prior to the paper being lodged with the Cabinet Office, for consideration by the Social Wellbeing Committee on 12 December. | <i>Agree / Disagree</i> |

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Claire Leadbetter
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Housing Policy Branch
Ministry of Housing and Urban Development

29/11/2018

Hon Phil Twyford
Minister of Housing and Urban
Development

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Background

4. The Healthy Homes Guarantee Act was passed in December 2017 to enable standards to be set to make rental homes warmer and drier. The standards cover heating, insulation, ventilation, moisture ingress and drainage, and draught stopping.
5. A discussion document with options for the standards and compliance timeframes was developed, informed by a cost benefit analysis and qualitative and quantitative research. In September 2018, Cabinet agreed to the release of the discussion document and supporting material to seek public feedback on the proposed standards [CAB-MIN-0401.01 refers]. The discussion document evaluated the proposed options against the following criteria:
 - a. able to achieve the objective (warm, dry rental homes)
 - b. costs and benefits to landlords and industry (time and money)
 - c. costs and benefits to tenants (time and money)
 - d. costs to government (clear and enforceable standards, court administration)
 - e. enduring, flexible and enabling adoption of future innovation and building solutions
6. Consultation was open from 4 September to 22 October 2018, during which time 1,777 submissions were received by email, a telephone conversation, and an online survey. Officials also engaged with key stakeholders through workshops in Whangārei, Auckland, Wellington and Christchurch. Feedback from these workshops, and subsequent meetings with building research experts, also informed the analysis of the recommended standards.
7. The standards need to be in place by 1 July 2019, and be implemented by 30 June 2024. The timeline in the following table provides for sufficient time for the regulations to be drafted, the procurement process for the online tool to be managed, and the information and education campaign to be communicated.

Deliverable	Date
Ministerial consultation	29 November – 4 December 2018
Lodged with Cabinet Office	6 December
Cabinet Social Wellbeing Committee consideration	12 December
Parliamentary Counsel Office receives instructions and commences drafting	20 December
Cabinet Legislation Committee considers regulations	March 2019
Regulations are Gazetted	April 2019
Regulations come into force	1 July 2019

The draft Cabinet Paper for Ministerial Consultation

8. Attached to this briefing as Annex One is a draft Cabinet paper for you to commence consultation with your ministerial and cross-party colleagues.
9. The expectation is that ministerial consultation will take place from 29 November to 4 December 2018. Following this, we will incorporate any necessary changes to the Cabinet paper prior to it being lodged with the Cabinet Office on 6 December 2018.
10. Also attached to this briefing are suggested talking points (Annex Two) and questions and answers (Annex Three) to support you in your conversations with your ministerial colleagues.

11. The preferred healthy homes standards are summarised in the following table:

Standard	Recommendation
Heating	<ul style="list-style-type: none"> • Fixed heating devices, with a minimum capacity of no less than 1.5 kilowatts (with thermostat for electric heaters), capable of achieving a minimum temperature of at least 18°C, in living rooms only • Inefficient, unaffordable, or unhealthy heating devices will not meet the requirements under the heating standard
Insulation	Minimum level of ceiling and underfloor insulation that is based on the 2008 Building Code , or, for existing ceiling insulation, a minimum thickness of 120mm
Ventilation	<p>Method of ventilation must be:</p> <ul style="list-style-type: none"> • openable windows in the living room, dining room, kitchen, bedrooms • appropriately sized extractor fan(s) in rooms with a bath or shower or indoor cooktop
Moisture ingress and drainage	Landlords must ensure efficient drainage and guttering, downpipes and drains, and, wherever practicable, ensure the subfloor, if enclosed has a ground moisture barrier
Draught stopping	Stop any unnecessary gaps or holes in walls, ceilings, windows, floors, and doors that cause noticeable draughts, and block unused chimneys and fireplaces
Compliance timeframes	<p>For private landlords: within 90 days of a new or renewed tenancy from 1 July 2022, with all homes compliant by 30 June 2024</p> <p>For boarding houses, a single compliance date of 1 July 2022</p> <p>For Housing New Zealand houses, a single compliance date of 1 July 2023</p>

Agency feedback on the proposed healthy homes standards

- Extensive consultation was undertaken with agencies in the development of the healthy homes standards discussion document, and the development of the recommended standards. Key agencies involved in the development of the standards are: the Ministry of Business, Innovation and Employment, the Energy, Efficiency and Conservation Authority, the Ministry for the Environment, the Ministry of Health, Heritage New Zealand, Te Puni Kōkiri, and the Treasury.
- We also sought specific feedback from agencies that will have financial implications from the standards. These agencies are: Housing New Zealand Corporation, the Ministry of Building, Innovation, and Employment, the Ministry of Social Development, the New Zealand Defence Force, the Ministry of Education, Land Information New Zealand, the Department of Corrections, and Te Puni Kōkiri.

14. Agencies are mostly supportive of the healthy homes standards. Housing New Zealand Corporation is supportive of the standards, but has concerns about industry capacity needed to meet demand. This is reflected in the recommendation for a single compliance date of 1 July 2023 for all Housing New Zealand homes to be compliant with the standards.
15. Two agencies did not agree with the heating standard to heat the living room only. The Ministry of Health and Te Puni Kōkiri will be providing advice to their respective Ministers (Minister Clark, and Ministers Mahuta, and Henare respectively) recommending that, in the absence of a whole-of-house approach, bedrooms should be included in the heating standards. The Ministry of Health also recommends including curtains in the standards. The agencies' comments and our responses are contained in Annex Four.

Next steps

16. The Regulatory Impact Assessment (RIA) is currently being reviewed by the Treasury. We have worked closely with the Treasury in the development of the RIA, and its indication is that it is expected to "meet" the requirements of the analysis.
17. The RIS is aligned with the preferred options, except for the standard on the heating devices that the landlord should provide, where the preferred option is "landlords must provide a fixed heating device in all living rooms (with a minimum capacity of no less than 1.5 kilowatts, with a thermostat for electric heaters)". The RIS suggests an alternative approach, preferring an option where landlords provide a fixed heating device *only where a portable device would not be sufficient to heat the living room to 18°C*. A final RIA will be provided to your office prior to the lodgement of the Cabinet paper.
18. We are asking for your feedback from Ministerial consultation by 5 December 2018, to allow us sufficient time to incorporate any changes into the Cabinet paper, and lodge with the Cabinet Office on 6 December. The intention is that this paper will be considered by the Social and Wellbeing Committee on 12 December 2018.
19. Following lodgement of the Cabinet paper, we will provide you with further talking points, questions and answers, and any supporting material for the Social Wellbeing Committee's consideration of the healthy homes standards.

Appendices

Annex One – Draft Cabinet paper

Annex Two – Suggested talking points to support ministerial consultation

Annex Three – Questions and Answers

Annex Four – Feedback from Agencies

Annex One: Cabinet Paper: Preferred Options for the Healthy Homes Standards

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Annex Three: Regulatory Impact Statement

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Annex Two: Suggested talking points for ministerial consultation

Overview

- In December last year, this Government passed the Healthy Homes Guarantee Act. This Act amended the Residential Tenancies Act, and enables standards to be made to make rental homes warmer and drier.
- Nearly 600,000 households rent in New Zealand, and New Zealand based research tells us that our rental stock is of poor quality than owner occupied homes because landlords may not invest in improvements, or they may not be aware of their legal obligations, and tenants may not be in a position to raise issues in a tight rental market.
- Local evidence shows a link between cold, damp and mouldy homes and negative health outcomes, particularly for illnesses such as asthma and cardiovascular conditions.
- As well as impacting individual's quality of life, government services are also impacted through, for example, increased doctor visits and hospitalisations, days off school and work. These impacts can flow on to negative educational, employment and productivity outcomes.
- Ensuring everyone has a warm and dry rental home is a priority to improving the wellbeing of New Zealanders and their families.

The healthy homes standards

- The healthy homes standards will make a significant change to the quality of New Zealand rental homes, covering improvements to heating, insulation, and ventilation, and addressing issues with moisture ingress and drainage and draught stopping.
- The inter-linking and cumulative effect of the five standards will go a long way toward making rental homes warmer, drier, and more energy efficient for tenants.
- The standards are pragmatic and enduring without imposing unreasonable burden on landlords and industry that could have consequences on tenants, while being mindful that tenants need to experience a warmer and drier home at the earliest opportunity..
- Cabinet agreed to the release of a discussion document in September this year. Submissions on the discussion document were received from a range of stakeholders, including social housing providers, equipment suppliers and installers, public health experts, researchers, engineers, building inspectors, and home performance advisors. Many of the submitters were also affiliated with Māori interests.
- The recommended healthy homes standards reflect the feedback received from the public, and are informed by the cost benefit analysis, and qualitative and quantitative research.

Heating

- Rental homes are often well below the World Health Organisation's recommended minimum indoor temperature of 18°C. A large proportion of rental homes have no, inadequate or inefficient heating available for tenants to use to reach an appropriate indoor temperature. 22% of rental homes have no fixed heating in the home and many more homes only have unaffordable or unhealthy heating.
- The heating standard will require all living rooms to have a fixed heating device capable of reaching 18°C during the coldest days of winter. The living room is typically the largest room in the home where tenants tend to spend most of their time, and most bedrooms can be

heated by portable heaters which are relatively inexpensive to buy. Heaters that have capacity to reach 18°C, even during very cold weather, are capable of reaching higher temperatures most days of the year.

- In most cases, the fixed heating device required will be a larger device such as a heatpump or wood burner. In some cases such as small apartments, a smaller fixed electric heater will be sufficient.
- We also know that some heating devices are inefficient, unaffordable or unhealthy to run, such as unflued gas heaters, open fires, electric heaters (except heat pumps) with a heating capacity of greater than 2.4 kilowatts, and multiple portable electric heaters in one room. I propose that these particular heating devices not be accepted in the heating standard, meaning that while they can still be used, they would not meet the standard and the landlord will in most cases need to provide an alternative, acceptable fixed heating device.

Insulation

- Many rental homes do not have adequate insulation to retain heat and are more likely to be cold and damp. Insulation minimises heat loss from homes making them easier and cheaper to keep warm and dry, and healthier to live in.
- I recommend ceiling and underfloor insulation should meet the 2008 insulation standard, the highest standard under the Building Code. The level of degradation for ceiling insulation, if it does not meet the 2008 Building Code, should be at least 120mm thick. This new standard aligns with research from the University of Otago, which shows that topping up insulation less than 120mm results in noticeable health benefits.
- The proposed standard does not require further work from landlords who have installed insulation to meet existing 2016 insulation requirements. The proposed standard affects a new group of rental homes that were not required to retrofit insulation under the 2016 requirements. These homes will have approximately 70-120mm of ceiling insulation currently.

Ventilation

- Mould is strongly linked to poor health outcomes, such as respiratory illnesses and worsening asthma. Mould also damages walls, ceilings, and floors, and can ruin a tenant's possessions.
- The presence of dampness and mould is a particular problem in areas where there tends to be high moisture activities, such as showering or cooking. A study by BRANZ shows New Zealand rental homes have visible mould at greater areas than owner occupied homes, particularly in bathrooms and kitchens.
- BRANZ recommends opening windows for 10 to 15 minutes to provide sufficient ventilation after showering or cooking, but we know this is not always possible or effective to do, for reasons such as security concerns or weather.
- Mechanical ventilation, such as extractor fans or rangehoods, are easy to use and noticeably improve the ventilation in a home, reducing the incidence of mould forming. The proposed standard would require all bathrooms and kitchens to have mechanical ventilation, in addition to openable windows in habitable rooms.

Moisture ingress and drainage

- Moisture can also enter a home from outside, such as by rising damp, or water pooling under and around a house, or through leaks in drains. Many rental homes are not sufficiently protected from rising moisture in the subfloor or leaking drains.
- I recommend the standard ensures adequate protection for rental homes by requiring efficient drainage and guttering as required by the Housing Improvement Regulations and ground moisture barriers in all rental homes with an enclosed subfloor space.
- Ground moisture barriers are an effective and low cost retrofit option for addressing what can be the largest source of moisture entering the home from outside. Ground moisture barriers would be required regardless of whether existing subfloor vents are sufficient, as these homes are still likely experience a benefit. This approach creates a simple and easily enforceable standard.

Draught stopping

- Draughts make it hard and expensive for tenants to heat their home, and can limit the benefits of improved insulation and heating. Fixing draughts can be a relatively simple and low cost measure to keeping rental homes warm and dry.
- I propose a simple draught stopping standard with clear guidance on landlords' responsibility to stop any unnecessary gaps or holes in walls, ceilings, windows, floors and doors that cause noticeable draughts, and to block unused fireplaces and chimneys. The guidance will clearly detail reasonable thresholds for draughts and how to stop common draughts, so landlords and tenants can be confident of the obligations and measures to be taken.

Compliance timeframes

- The timeframe for compliance with the standards needs to balance the interests of tenants and wider society experiencing the benefits of the proposals with the need to give landlords and industry sufficient time to budget and build capacity to implement the standards.
- Considering the likely level of demand on industry capacity and the ability of landlords to budget and plan for the implementation of the standards, I recommend private landlords must comply with the standard within 90 days from entering any new or varied tenancy agreements from 1 July 2022, with all homes compliant by 1 July 2024.
- I propose setting a single compliance date of 1 July 2022 for boarding houses. A single compliance date will avoid confusion for when a boarding house needs to comply, given the frequent turnover of tenancies.
- I propose a single compliance date of 1 July 2023 for Housing New Zealand Corporation (HNZC) and Community Housing Providers to comply with the standards. This date reflects the availability of tradespeople nationwide to undertake the work given existing pressures on industry capacity and the ongoing maintenance programme. This date also aligns more closely with the HNZC's retrofit programme, thus ensuring a cost effective implementation in a timely manner.

Next steps

- The standards will come into effect on 1 July 2019. In order to allow sufficient time for the regulations to be drafted and guidance material to be prepared, the intention is for SWC to consider these recommendations at their meeting on 12 December 2018.

Annex Three: Questions and answers

Why is the government intervening in the standard of rental homes?

The quality of the homes we live in contributes in fundamental ways to people's comfort, wellbeing, and social outcomes. Living in cold, damp, mouldy homes raises the likelihood of tenants contracting respiratory infections and increases the severity of some cardiovascular conditions. This contributes to higher medical costs, avoidable hospitalisations, and increased risk of winter mortality. It can also have an impact on educational, employment, and economic outcomes through increased days off school or work. Further, poor quality and inefficient rental homes can have an adverse environmental impact

What evidence exists of the problem?

In New Zealand, a significant portion of households now rent (592,300). Local research provides evidence that many of the rental homes in New Zealand are cold and damp. Insufficient insulation, heating, ventilation and inefficient protection from moisture and poor draught stopping all contribute to making rental homes cold and damp.

Research from an independent research organisation, BRANZ, shows that New Zealand's rental housing stock is consistently in worse condition on average than owner-occupied houses.

People in New Zealand are also renting for a longer proportion of their lives so it is even more important that rental homes are not cold and damp. Census data shows, for example, that in 2013, 43.0 per cent of people aged 30–39 years owned their home – down from 54.6 per cent in 2001.

Evidence exists that particular groups will be more affected by cold and damp rental homes: low-income, elderly, children, disabled persons and Māori and Pacific peoples. Research shows that low-income households may be afraid to raise issues with their landlord and they spend a larger proportion of their income on energy bills than those on higher incomes. WHO research shows elderly and children likely need a higher indoor temperature than the general population. Census data shows Māori and Pacific peoples are the most likely ethnic group to rent, and Statistics New Zealand recently estimated that 53% of children in Auckland live in rental homes.

What will the healthy homes standards mean for New Zealanders?

Ensuring everyone has a warm and dry rental home is a priority to improving the wellbeing of New Zealanders and their families.

What will the healthy homes standards mean for landlords?

Landlords will need to make sure they meet the requirements of the healthy homes standards by the set compliance dates.

How much will the standards cost landlords?

The cost to landlords will depend on the amount of work needed for an individual property to be brought up to minimum requirements. The cost-benefit analysis provided that it may cost a landlord up to \$11,500 (including GST) to bring a home up to standard. However, it was noted that this figure will depend on how much of the rental home already complies with the standards and costs will vary depending on the size, age, and condition of the rental property. It is therefore not possible to give an exact figure for each rental home.

Will rents go up as a result of the standards?

The exact market impacts to implement the standards are difficult to predict. It is possible landlords may decide to pass on costs of implementing the standards to tenants through a rent increase. However, it is unlikely that landlords would pass these costs through in full. Under the Residential Tenancies Act 1986, landlords cannot charge substantially above market rent.

Will landlords exit the market?

The development and introduction of the healthy homes standards is balanced and pragmatic, to avoid any market shocks and unintended consequences.

Some landlords may decide to sell their rental property and invest in other areas of the economy, rather than making the necessary upgrades to meet the standards. These homes may be sold to other landlords or home buyers.

How will these changes assist tenants?

Tenants will likely benefit from a warmer, drier home if the proposed standards are implemented. The cumulative effect of improving insulation, heating, ventilation, moisture protection, efficient drainage and draught stopping should make rental homes much warmer and drier. The benefits could be in improved health, reduced health costs and improvements in other social outcomes (education, employment, more efficient home with lower energy bills). Both private and social housing tenants will benefit.

The standards provide a clear, modern standard that landlords must comply with. Tenants can raise concerns with their landlords or the Tenancy Tribunal if the landlord does not comply with the standards in the required timeframe.

As part of the implementing the healthy homes standards this Government allocated \$15.1 million in funding for education and compliance activity. This includes \$6.8 million for the Tenancy Compliance and Investigations team within MBIE to allow the team to undertake up to 2000 risk based interventions per year, targeted at the most vulnerable.

How much will the standards cost tenants?

Some landlords may increase the rent they charge a tenant to offset the costs incurred from upgrading their properties. However, under the Residential Tenancies Act 1986, landlords cannot substantially charge above market rent. Tenants can apply to the Tenancy Tribunal to have any rent increase reviewed if they consider it is above market rent.

Benefit cost modelling assumes an increase in heater use which would result in additional electricity costs for households who do not heat their home currently. However, modelling showcases the costs are exceeded by benefits.

Assistance is provided to tenants who may not be able to afford the cost of heating their rental home. Tenants who receive income support payments are eligible for an additional Winter Energy Payment to assist with heating costs. The Winter Energy Payment is paid automatically to those eligible from 1 July to 29 September 2018, and from 1 May to 1 October 2019.

The Ministry of Social Development may also be able to provide assistance where someone has an urgent power, gas or heating bill that they are unable to pay. People in this situation do not have to already be receiving income support payments, but their eligibility will depend on their financial circumstances.

Will landlords be held accountable to meet the standards?

The Tenancy Tribunal can impose exemplary damages on landlords of up to \$4,000, where a landlord fails to meet their obligations under the healthy homes standards. This is normally awarded to the party who made the application.

The reform of the Residential Tenancies Act is exploring the compliance regime and this will include consideration of whether current penalties are set at a level that incentivises compliance.

Will landlords have enough time to meet their obligations?

Landlords will be required to comply with the standards within 90 days of a new or renewed tenancy, from 1 July 2022, with all homes compliant by 1 July 2024. This is sufficient time for landlords and industry to budget for the changes and meet demand for products and services. This also recognises the backlog of those who have not complied with the 2016 insulation requirements in time.

Will properties be inspected or assessed to ensure they comply with the standards?

MBIE may inspect some properties to ensure compliance with the standards. MBIE is increasing its enforcement and compliance capacity over the coming years with a proactive assessment programme of how landlords are meeting their obligations.

Why do you need new healthy homes standards on top of the Residential Tenancies (Smoke Alarms and Insulation) Regulations?

The Residential Tenancies (Smoke Alarms and Insulation) Regulations 2016 only focus on insulation (and smoke alarms) for improving the warmth of rental homes. While this is a good start, there are a range of other factors that contribute to making a home warm and dry. The healthy homes standards cover a wider range of elements that are factors in contributing to cold and damp homes.

Will insulation installed to comply with the Residential Tenancies (Smoke Alarms and Insulation) Regulations 2016 need to be upgraded again under the healthy homes standards?

The proposed standard does not require further work from landlords who have installed insulation to meet existing 2016 insulation requirements. The proposed standard affects a new group of

rental homes that were not required to retrofit insulation under the 2016 requirements. These homes will have approximately 70-120mm of ceiling insulation currently.

Are the requirements more stringent than the Building Code?

The Building Code takes a performance based approach, and so presents a number of different methods for achieving a desired outcome. The healthy home standards for heating, ventilation and moisture ingress all outline prescriptive solutions which are commonly used in new builds and included in the Building Code but not mandated. It is possible a new build may not meet the healthy homes standards, but meets the Building Code.

The Ministry of Business, Innovation and Employment is currently considering revising the aspects of the Building Code that do not align with the proposed healthy homes standards.

How do these standards interact with the Housing Improvement Regulations?

The healthy homes standards provide clear and modern standards for rental homes. For avoidance of doubt where overlap occurs between the standards and the Housing Improvement Regulations the healthy homes standards take precedence.

How will landlords and tenants know if their rental home is capable of achieving the required indoor temperature?

HUD is developing an online tool that will enable landlords and tenants to determine the appropriate heating device or devices required to achieve any set indoor temperature. The formula takes into account the window size, the type of glazing, floor area, insulation properties and climate. The online heating tool and education materials supporting the standards may include examples of the types of devices that would be appropriate for a particular space.

Why don't the standards require curtains to be installed in rental homes?

The standards focus on minimum standards for the building elements that will have the greatest impact on the warmth and dryness of a home to benefit tenants and wider society at the earliest opportunity without imposing an unreasonable burden and cost on landlords. Curtains are not included in the proposed standards.

Where curtains are not currently provided in rental properties, existing Government assistance programmes offered by the Ministry of Social Development could provide support for low-income households to source and install curtains. Housing New Zealand already provides thermal curtains for all of its properties. Tenants may also be able to access upcycled or second hand curtains through community-run curtain banks.

How are these standards going to assist reducing carbon emissions?

Cost benefit modelling found the heating, insulation and draught stopping standards all resulted in net reductions in CO₂ emissions. This is due to improved residential energy efficiency and reductions in electricity production at the margins, which can be carbon intensive. Rental homes will be more efficient to heat, and warmer and drier through the overall cumulative effect of the standards as well as the individual standards.

Can landlords upgrade their rental homes themselves or do they need to get professionals to do it for them?

Installing fixed heating and mechanical extract fans requires qualified professionals such as electricians and builders. The remaining standards, such as insulation, draught stopping, and installing a ground moisture barrier, can, in most cases, be undertaken by landlords. All work undertaken to comply with the standards must be compliant with the Building Code and other relevant laws including local bylaws.

What are the costs of each standard and how many households will be affected?

Standard	Estimated number of affected households	Cost per intervention (\$ inc GST)	Total cost (PV \$millions)	Total benefit (PV \$millions)	Net present value (PV \$millions rounded)
Heating	179,000	3,000-3,500 for heatpumps	501	670	169
Additional requirement for fixed heating below 2.4kw	120,000	\$110 for electric heater (includes \$67 for device and \$43 for tradesperson to fix device to the living room)	13.2 (note not a present value)	Benefits come from a single clear and consistent standard, and simpler enforcement	-13.2
Insulation	140,000	1,665	188	282	95
Ventilation	252,600 - Bathroom fans 212,400 - Kitchen fans	211-301 per fan	128	-	-
Moisture Ingress & Drainage	287,900	800	166	-	-
Draught stopping	172,200	124-250	40	135	95

Source - NZIER Cost Benefit Analysis and HUD analysis

Annex Four: Feedback from agencies

Agency	Question/feedback	Response
Ministry of Health and Te Puni Kōkiri	Landlords should be required to heat living areas and bedrooms, to ensure the standards mitigate health risks associated with low winter bedroom temperatures and infectious diseases associated with functional crowding.	<p>The option to require provision of heaters for bedrooms was explicitly considered. However, due to the relatively low cost of portable heaters for bedrooms, the assumption that in almost all cases a portable heater is adequate to heat a bedroom, and the living room is typically the largest area of a house to heat, it is considered sufficient that fixed heaters are installed in living rooms only.</p> <p>Support agencies including MSD advise that for tenants who cannot afford heaters in bedrooms, MSD could provide support for the purchase of heaters.</p> <p>Tenant advocacy groups highlighted in the submission process that the presence of a heater in a bedroom does not necessarily assume that a tenant will use the heater due to running costs. Fuel poverty sits outside the scope of the healthy homes standards, and is being considered by the Electricity Price Review.</p>
Ministry of Health	In the absence of requiring double glazing of windows, curtains and curtain rails should be included in the proposed standards.	<p>The standards focus on minimum standards for the building elements that will have the greatest impact on the warmth and dryness of a home to benefit tenants and wider society at the earliest opportunity without imposing an unreasonable burden and cost on landlords.</p> <p>The provision of curtains was considered during the development of the discussion document. Curtains could not be included in the healthy homes standards due to the regulatory and enforcement challenges of meeting the requirements on fabric, layering, dimensions, and installation for curtains to be effective.</p> <p>Where curtains are not currently provided in rental properties, existing Government assistance programmes offered by the Ministry of Social Development could provide support for low-income households to source and install curtains. Housing New Zealand already provides thermal curtains for all of its properties.</p> <p>MSD advises that the number of requests for curtains is, anecdotally, low.</p>