Section 6: Implementation and operation

6.1 How will the new arrangements work in practice?

MBIE will be responsible for the effective implementation of the healthy home standards. In Budget 2018 the Government allocated $15.1 million over four years to support the effective implementation of the standards. This funding will support:

- enforcement and compliance activity
- development of an online heating tool
- collecting baseline housing data to support future monitoring and evaluation
- information and education activity

Compliance timeframes

The HHG Act allows for a phased implementation of the healthy homes standards between 1 July 2019 and 30 June 2024. This timeframe balances the needs and risks of tenants, landlords, industry, and government so that:

- tenants see the benefits of a warmer, drier home as soon as possible
- landlords and property managers have sufficient time and support to understand and comply with the changes and procure and install necessary requirements
- industry capacity is able to respond to the changes, particularly if impacted by other government initiatives such as KiwiBuild
- government has sufficient time to provide advice through information campaigns, develop necessary guidance, and expand enforcement capacity where necessary
- the timeframe does not restrict flexibility and innovation to meet a higher quality of rental home.

The public consultation sought feedback on a suitable compliance timeframe for the healthy homes standards. The clearest compliance timeframe, that best balances the impacts on tenants, landlords, industry and government is: landlords must comply with the standards within 90 days of a new or renewed tenancy, from 1 July 2022, with all rental homes compliant by 30 June 2024. A lead-in time of three years will provide for a higher level of compliance than an earlier start date, as it ensures landlords and industry are able to meet the demand, and tenants can expect to see a tangible improvement in the quality of their rental home in reasonable timeframe.

Enforcement and compliance activity

MBIE will undertake approximately 2000 enforcement interventions per year to support compliance with the healthy homes standards. This will include approximately 1500 light-touch cases (for example, seeking evidence about a property and providing a proportionate response based on the seriousness of the non-compliance), 300 investigations and 200 proactive property inspections.

The proposed proactive interventions would reach approximately 0.35 percent of New Zealand's rental housing stock. While this number is small, MBIE considers that it will provide some geographical coverage and have the intended effect on landlord's behaviour. The impact of the programme would be magnified by regional and national media coverage of resulting Tenancy Tribunal decisions to issue work orders and award up to $4000 for exemplary damages. MBIE will use a risk-based methodology to target proactive interventions where there is the greatest risk of non-compliance.

Development of an online heating tool

It is essential that it is easy for landlords, tenants, suppliers, and enforcement officers to determine the heating requirements for individual properties in a consistent way. MBIE will develop an online tool that users can enter the details of their home into to determine the exact heating requirements required to comply with the heating standard.

Monitoring and evaluation

MBIE is working alongside Statistics New Zealand and BRANZ to undertake up to 800 physical house inspections on a subset of homes from Statistics New Zealand's General Social Survey (GSS). This data will be used to evaluate progress against the objectives of the Healthy Homes Guarantee Act and provide data for the development of a tier one statistic on housing quality.

Information and education activity

An information and education (I&E) programme is required to help landlords, tenants and other stakeholders understand the new requirements and make compliance as easy as possible. This programme will be highly targeted and designed to achieve maximum impact with a comparatively small implementation budget. MBIE will build on relationships with creative and media agencies to determine the most effective channels to reach landlord and tenant audiences. MBIE would also work with third parties such as tenant support groups and the Citizens' Advice Bureau, or take road shows around community events This would enable MBIE to reach tenants who do not have access to digital media or are less likely to engage with the tenancy system through official services (e.g. immigrants may not use the website or contact centre due to language barriers).

The level of information and education activity will remain stable until 2024/25 to ensure new landlords and those renewing tenancies for the first time over the next four to five years receive the same information. Experience has shown that people often wait until the last minute to make required changes, so the need for information is expected to remain high as the need for compliance with the regulations becomes more compelling.

Guidance has been identified to be developed in the following areas (for installation and exceptions):

- acceptable/recommended heating devices to meet the heating standard
- assessing the condition of insulation
- ventilation
- moisture ingress and drainage
- draught stopping

6.2 What are the implementation risks?

The consultation process that was conducted over September to October 2018 has mitigated issues associated with complexity, awareness and issues that may arise in achieving compliance. It has also assisted in identifying benefits and costs that would otherwise have been difficult to assess.

Ongoing issues related to understanding what standards are required and ensuring compliance will be managed by MBIE (Housing and Tenancy Services). For example, through providing guidance material and through its operation of compliance, enforcement and dispute resolution processes.

Section 7: Monitoring, evaluation and review

7.1 How will the impact of the new arrangements be monitored?

MBIE has developed a draft monitoring and evaluation plan which will be finalised once the detail of the regulations is known. Which of the monitoring reports will be made public has not been determined yet.

The key outcome is an increase in the warmth and dryness of rental housing arising from the HHG Act amendments. Success on this front is not sufficient to result in improved health and employment outcomes for tenants. Those outcomes will not be covered in the plan, and will need its own multi-agency research agenda.

Timing

Baseline measures of existing compliance, and awareness and understanding by tenants and landlords of the new requirements will be established during the first year after the regulations are gazetted.

Implementation effectiveness will be evaluated during 2020/21 and will assess whether:

- regulations are fit for purpose,
- level of administrative burden on government and NGOs,
- industry capacity and capability,
- effectiveness of information campaigns
- emerging negative outcomes.

Monitoring of tenant and landlord awareness and compliance with the standards will be repeated in 2021/22 and in 2022/23, along with an overall assessment of implementation effectiveness.

Annual progress reports between 2019 and 2023 will highlight potential areas where the regime can be improved.

The outcomes evaluation will take place in 2024 with a final report in December 2025.

Data requirements: Existing

System-level monitoring of perception of housing warmth and dryness already exists through the General Social Survey and the Census.

There is only one objective measure of actual warmth and dryness, the House Condition Survey, which is conducted every five years by BRANZ. While the first survey was conducted in 1994, only since 2010 has it been conducted country-wide and with rental houses included in the sample. The last survey was in 2015 and included 149 rental houses.

Administrative load will be assessed through MBIE call centre logs, while the TIKA database (case management database that logs tenancy enforcement activity) and disputes database will provide information about compliance.

Data requirements: New

The 2018/19 pilot Housing Assessment Survey, commissioned to develop a housing quality measure, will also be available for the HHG Act evaluation. This survey is a fusion of the GSS and the House Condition Survey, where 800 houses (half of these being rentals) from the GSS sample are inspected as for the House Condition Survey. Depending on funding, this survey will be repeated in 2024 to inform the outcomes evaluation. This iteration of the GSS also included a Housing and Physical Environment

module, which include questions about heating and ventilation practices.

Landlord and tenant awareness and compliance with the 2016 amendments to the RTA was tracked during 2017 and 2018 by an online survey of 1000 landlords and 1000 tenants. The survey will be modified to suit the HHG Act and conducted in 2019, 2021 and 2023. It will be also conducted in 2025 if it is not possible to repeat the Housing Assessment Survey.

Qualitative research will be conducted with MBIE and Tenancy Tribunal staff, landlord representative bodies, industry stakeholders and NGOs involved in dispute resolution.

7.2 When and how will the new arrangements be reviewed?

The early phase of the evaluation exercise will identify aspects of the regime that require adaptation. Progress reports will be produced each year between 2019 and 2023.

Possible outcomes that might flag the need for earlier review are

- decreases in rental stock particularly at the lower quality end of the market, resulting in increased rents which will have a greater impact on the most vulnerable tenants
- poor landlord compliance
- lack of industry capacity and capability leading to workplace accidents, shoddy work, and unacceptable delays
- the emergence of unintended consequences

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[4] Howden-Chapman, Philippa, et al. "Effects of improved home heating on asthma in community dwelling children: randomised controlled trial." Bmj 337 (2008): a1411.

[5] Statistics New Zealand estimate 592,300 households in private occupied dwellings, as at quarter ended September 2018.

[6] White, V., Jones, M., Cowan, V., & Chun, S. B. (2015). House Condition Survey: Comparison of House Condition by Tenure. Study Report SR370. BRANZ Ltd, p. ii, p15-16, 24, 26.

[7] Witten, K.,Wall , M.,Carroll, P., Telfar-Barnard, L., Asiasiga, L., Graydon-Guy, T., Huckle, T. & Scott, K.(2017).The New Zealand Rental Sector. Study Report ER22.BRANZ Ltd & Massey University SHORE and Whariki Research Centre, p7.

[8] White, V. Jones, M., (2017) Warm, dry, healthy? Insights from the 2015 House Condition Survey on insulation, ventilation, heating and mould in New Zealand houses. SR372,. BRANZ Ltd. piii.

[9] Regulation 6 of the Housing Improvement Regulations.

[10] Regulation 11 and 14 of the *Residential Tenancies (Smoke Alarms and Insulation) Regulations 2016*.

[11] Regulation 24 of the *Residential Tenancies (Smoke Alarms and Insulation) Regulations 2016;* 2016/001: ban on installation and/or repair of foil insulation in residential buildings with an existing electrical installation at https://www.building.govt.nz/assets/Uploads/building-code-compliance/warnings-bans/201601-Foil-insulation-ban.pdf.

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Two percent had no form of heating at all.

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[48] A “subfloor space” is the air space under the house between the floor and the ground.
[49] A ground cover is a plastic film (usually black polythene) installed on the ground under houses to prevent ground moisture from evaporating into the subfloor space.
[50] White, V. Jones, M. (2017). Warm, dry, healthy? Insights from the 2015 House Condition Survey on insulation, ventilation, heating and mould in New Zealand houses. Study Report SR372. BRANZ Ltd. Figure 3 suggests that 24% of rentals had a concrete slab and no subfloor.
[51] Trethowen H.A., Middlemass G. (1988). A survey of moisture damage in southern New Zealand buildings. Study Report SR007.BRANZ Ltd.
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[54] McNeill, S. (2015). BRANZ Build 149 August/September 2015: Ventilation and subfloors.
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[58] Plumbing water can include tap and sewerage water.
[59] White, V. BRANZ information provided to MBIE (22 Mar 2018) based on analysis of the 2015/16 House Condition Survey data. In the survey, about 1 in 10 rental homes had a basement. About 1 in 5 of these rental homes (with basement) had signs of leak/damp in the basement.
[60] McNeil, S. Plagman, M. McDowall, P. Bassett, M. (2015): The role of ventilation in managing moisture inside New Zealand homes. BRANZ Study Report SR341. BRANZ Ltd. p1-3.
[61] Rangiwhetu, L. Pierse, N. Howden-Chapman, P. (2017). Effects of minor household interventions to block draughts on social housing temperatures: a before and after study. Kotuitui: New Zealand Journal of Social Sciences Online. 12:2. p241.
Draught stopping in this context is the installation of back draught shutters to extraction fans and draught excluders to doors.
[62] Rangiwhetu, L. Pierse, N. Howden-Chapman, P. (2017). Effects of minor household interventions to block draughts on social housing temperatures: a before and after study. Kotuitui: New Zealand Journal of Social Sciences Online. 12:2, p74-75.

[63] The 2001 Building Code insulation standard increased the R-value of floor insulation for all climate zones from 0.9 to 1.3 but in practice the methods and products for underfloor insulation did not change. Increasing to R1.3 would not require additional properties to upgrade their underfloor insulation presuming the underfloor insulation is not damaged, complete and secure.
[64] NZ4246: 2016.
[65] Guidance for assessing "reasonable condition" of insulation under the current 2016 regulations can be found on the Tenancy Services website: https://www.tenancy.govt.nz/assets/Uploads/Insulation-requirements.pdf
[66] Residential Tenancies (Smoke Alarms and Insulation) Regulations 2016, regulation 17.
[67] The ground cover (also called on-ground vapour barrier) would need to be installed to New Zealand Standard NZS 4246, available at: www.tenancy.govt.nz
[68] A pole house has a suspended floor that is supported by long piles.
[69] Regulation 17 of the Housing Improvement Regulations.
[70] See Article 11 of the International Covenant on Civil and Political Rights; Article 25 of the Universal Declaration of Human Rights recognises the right to housing as part of the right to an adequate standard of living.
[71] Section 6 of the Healthy Homes Guarantee Act 2017 which will insert a new section 138B of the Healthy Homes Guarantee Act.
[72] Grimes, Arthur, et al. (2012). Cost Benefit Analysis of the Warm Up New Zealand: Heat Smart Programme, Motu, Wellington