

23 July 2018

The Hon Ministers Phil Twyford and Megan Woods
C/f Parliament Office
Private Bag 18888
Parliament Buildings
Wellington, 6160

Reference: CEN second proactive submission on Healthy Homes Guarantee Act standards and healthy home sector

Dear Ministers

CEN has proactively commissioned the writing of two reports to support our approach to working with Government. Our focus has been on supporting MBIE to develop the best possible standards under the Healthy Homes Guarantee Act. However, we believe that the contents of these two reports are entirely relevant to the broader sector issues and opportunities.

The attached second report takes a practical approach to provide insights into the practical realities of how we see the potential standards being applied. It explains some of the core issues that these standards will need to reconcile if they are to be successful.

As well as introducing the second report, this letter has been written in response to the meeting MBIE hosted with sector stakeholders on Friday 15 June to discuss the technical aspects of the possible HHGA standards.

Firstly, we are thankful for the level of engagement that MBIE staff have shown in the last few months. We also recognise that the development of these standards is very complex in that it is both technically challenging and sits within a complex policy environment with many touchpoints across Government ministries.

Based on our conversations so far, we consider there to be flaws in the analysis of the issues so that there is a very real chance that the actual outcomes will fall well short of expectations. Our opinion is that the current approach will lead to ongoing and systemic failure in achieving warm dry rental houses with minimal or no improvement to the actual outcomes for many renters.

In our view, the outcome of these standards needs to be universally warm, dry homes and that these conditions can be maintained at an affordable cost. This outcome would represent a foundation in the effort to reduce fuel poverty and improve health of hundreds of thousands of New Zealanders.

Unfortunately, this outcome does not seem to be fairly valued compared to the costs that will need to be met by landlords/market. We acknowledge that the disruption to the market could be

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considerable and support the need to manage this as well as possible. That said, if this is done in a way so that the positive outcome for the tenant is minimal then the opportunity has been missed and we will continue to struggle in our efforts to change our society's poor attitudes to warm, dry healthy housing.

Our view is that the HHGA regulations must meet issues, like fuel poverty, head on. The standards must comprehensively deal with the following:

- Ensuring rental properties that have vulnerable (measured through health and economic hardship indicators) tenants are assessed to a high standard – this should include a statement of compliance and education relating to behavioural requirements of the tenants.
- Ensuring that the performance standards will lead to all tenants being able to achieve a warm dry house. This should include a standardised measurement protocol that provides an estimate of the energy costs a tenant must pay to keep the house at a healthy temperature.
- Any house that cannot be maintained at a healthy temperature and humidity level without exceeding a set affordability benchmark should not be able to be rented. Any other approach will lead to many cold, damp houses still being rented. Tenants will again be faced with the choice of paying high energy costs or underheating their homes. This outcome is a very clear marker of the failure of the standards.
- A well designed and implemented roll out of the standards is the best mechanism to ensure the disruption to the market is managed. We predict that landlords will be slow to respond. To avoid inaction and then an unmanageable rush for a single compliance date, staggered compliance dates for varying locations, health profiles, deprivation indicators or other indicators will be necessary.

There is a considerable amount of work underway to establish a wellbeing framework for future Budgets. We suggest that the outcomes of the HHGA regulations will likely be of high interest to a large sector of our society in terms of alignment with this wellbeing approach. It is also noted that in the recent report released by Treasury regarding the Living Standards Framework; that housing quality is a recommended measure.

We acknowledge that decisions by Cabinet are still some time away. We also appreciate that there will be an opportunity to raise these issues in response to the consultation document and ensuing submission process. However, these are critical issues that have the potential to make a massive difference to the real outcomes for people in our communities and so feel we need to state our concerns as early and clearly as possible.

There are several points raised above that are best addressed in person. With that in mind, we would welcome the opportunity to discuss these with you as soon as possible.

Best Regards

A handwritten signature in blue ink, appearing to read "Gareth Cartwright".

Gareth Cartwright
Executive Officer, Community Energy Network