# NZPIF Summary of the

# MBIE Proposed Healthy Homes Standards

The following is a summary of the MBIE document providing information and seeking opinions on a variety of proposals that will become the standards for the Governments Healthy Homes Guarantee Bill.

## Why are we consulting?

### Act enables Healthy Homes Standards

To help make New Zealand rental homes warmer and drier, the *Healthy Homes Guarantee Act 2017* (the HHG Act) was passed in late 2017. The HHG Act enables the government to make healthy homes standards with which landlords must comply.[1]

From 1 July 2019, landlords must include a statement of intent to comply with the healthy homes standards in a new, varied or renewed tenancy agreement.[4]

The insulation provisions of the *Residential Tenancies (Smoke Alarms and Insulation) Regulations 2016* (the 2016 regulations) will be superseded when the healthy home standards come into force. The smoke alarm provisions of the 2016 regulations will continue in force.

## How to have your say on the Healthy Homes Standards

The Ministry of Business, Innovation and Employment (MBIE) invites written comments by **6pm on 22 October 2018**.

You can:

- complete your submission on the MBIE **website**: www.mbie.govt.nz/healthy-homes
- request a hard copy of this document by sending your name and postal address to: Healthyhomes@mbie.govt.nz
    - **email** a submission to us at: Healthyhomes@mbie.govt.nz
- **post** your submission to:
  Ministry of Business, Innovation and Employment
  PO Box 1473, Wellington 6140
  Attention: Healthy Homes Standards submissions

## Your submission may be made public

Any personal information you supply to MBIE in the course of making a submission will be used by MBIE only in conjunction with matters covered by this document. Please clearly indicate if you do not wish your name to be included in any information MBIE may publish.

# What happens next

| Date | Milestone |
|---|---|
| 4 September 2018 | Discussion document released for public consultation |
| 22 October 2018 | Seven week public consultation period ends |
| December 2018 | Cabinet makes final policy decisions on the healthy homes standards |
| 1 July 2019 | Regulations in force |

**Criteria used to assess options for each of the healthy homes standards**

- able to achieve the objective (warm, dry rental homes)
- costs and benefits to landlords (time and money)
- costs and benefits to tenants (time and money)
- costs and benefits to government (clear and enforceable standards, court administration)
- enduring, flexible and enable adoption of future innovation and building solutions.

# Section 1: Heating

### 1.1 Where in the home should landlords be required to provide heating?

**Option one – heating in living room only**

Under option one, landlords must provide a form of heating in the main 'living room'. A living room could include a lounge, dining room and kitchen if it is an open plan rental home.

**Option two – heating in living room and bedrooms**

A landlord must provide a heating device in the main "living room" and an appropriate heating device in any bedroom.

Portable plug-in heating devices are likely to have sufficient heating capacity in most bedrooms depending on the size of the room, the climate zone of the home and the level of insulation.

The 2018 cost-benefit analysis from the New Zealand Institute of Economic Research (NZIER) provides that, the proposed heating options are likely to yield net benefits if applied to living rooms only, but become slightly less net beneficial if extended to cover bedrooms.

| **Options Summary: location of the heating device in a rental home** | |
|---|---|
| **Option One (status quo)** | Living room only (includes kitchen and dining room if open plan rental home) |
| **Option Two** | Living room (includes kitchen and dining room if open plan rental home) and bedrooms |
| **Questions for your feedback:** | |
| | Do you support option one or two for the location of heating devices that landlords must provide in rental homes? Please explain your reason. |

## 1.3 What achievable indoor temperature should heating devices be sized for?

The temperature will inform the necessary heating device for the room(s) under the heating standard. The current WHO guidance recommends a minimum indoor temperature of 18°C for the general population and for certain groups, such as the sick, persons with disabilities, the very old and the very young, a minimum indoor temperature of 20°C.[50]

**Option one – heaters must be capable of achieving an indoor temperature of at least 18°C**
**Option two - heaters must be capable of achieving an indoor temperature of at least 20°C**

| **Options Summary: indoor temperature that heating devices should be sized for in a rental home** | |
|---|---|
| **Option One** | Heaters that landlords provide must be capable of achieving an indoor temperature of **at least 18°C** in rooms applicable to the heating standard |
| **Option Two** | Heaters that landlords provide must be capable of achieving an indoor temperature of **at least 20°C** in rooms applicable to the heating standard |

| Questions for your feedback: | |
|---|---|
| | Do you support option one or two above on whether landlords should provide heating devices that are capable of reaching 18°C or 20°C in room(s) covered by the heating standard? Please explain. |

## 1.4 Should landlords only be required to provide heating devices where portable electric heaters are insufficient?

Certain heating devices may achieve the required indoor room temperature. In some cases, fixed heaters (e.g. heat pumps) will be the best device to heat a room. In other cases, portable plug-in heating devices will likely be sufficient.

**Option one – landlords provide fixed heating devices only**

Landlords must only provide heating devices where portable electric heaters are insufficient. Where rooms can be sufficiently heated by portable electric heating devices, landlords would not be required to provide any heating devices.

**Option two – landlords provide both fixed and portable heating devices**

| Options Summary: heating devices landlords should provide in rental homes | |
|---|---|
| **Option One** | Landlords only provide (fixed) heating devices in cases where portable electric heaters are insufficient to heat the required rooms |
| **Option Two** | Landlords must provide fixed and portable heating devices to heat the required rooms |

| Questions for your feedback: | |
|---|---|
| | Do you support option one or two for heating devices to be provided by a landlord in a rental home? |

## 1.5 Should we accept some heating devices, and not others?

Some heating devices are efficient and affordable to run, such as heat pumps, wood burners and flued gas heaters. We propose to make these acceptable devices under the heating standard.

Some rental properties may have existing heaters that have sufficient capacity to meet the standard minimum temperature but could be considered unhealthy or inefficient. Open fires and high-wattage electric resistance heaters tend to be less cost-effective to run and unflued gas heaters can generate moisture and toxic combustion gases, resulting in mould.

The heating standard could be set so that unhealthy or inefficient and unaffordable forms of heating would not meet the standard. Guidance could specify the types of heating devices considered not acceptable. We consider the following would be not acceptable heating devices:

- **unflued heaters (including unflued gas and kerosene heaters):**

- **open fires: I**neffective and expensive to run. They also significantly contribute to indoor and outdoor air pollution
- **all electric heaters (except for heat pumps) with a heating capacity of greater than 2.4 kilowatts:**[54] electric heaters greater than 2.4 kilowatts would not be acceptable because they are expensive to run and reduce the likelihood of tenants using them. This would include electric night-store heaters which do not provide consistent heating capacity at all times and which provide tenants with limited control over when they heat the room
- **using multiple portable electric heaters in one room:** multiple portable heaters with a combined capacity greater than 2.4 kilowatts would not be acceptable because they could overload electrical wiring, cause fire hazards and are expensive to run.

| **Questions for your feedback:** | |
|---|---|
| | Do you agree that a class of acceptable heating devices is created for those devices that are efficient, healthy and affordable for the heating standard? Please explain. |
| | Do you agree that the heating devices listed above (unflued heaters, open fires etc) should be not acceptable for the heating standard? Please explain. |
| | What other types of heating, if any, do you think should be acceptable or not acceptable in the heating standard? Why? |

# Section 2: Insulation

This section outlines the existing issue with insulation and New Zealand rental homes and seeks your feedback on the adequate level of insulation, exceptions, and records to be retained by a landlord.

## What is the current issue with insulation and rental homes?

Current insulation regulations and the options proposed for the insulation standard are limited to requirements for ceiling and underfloor insulation retrofitting.

The 2016 regulations require landlords to install or retrofit ceiling and underfloor insulation in rental homes with no or minimal insulation by 1 July 2019 unless an exception applies. We wish to seek feedback on the benefits of a higher insulation standard than the 2016 regulations balanced against the associated costs.

The standard of insulation required cannot be set so high that landlords incur additional costs to purchase and install insulation that provides minimal benefits to tenants, particularly if existing insulation met the standard at the time and is still in reasonable condition.

Tenants who live in a home with no or inadequate insulation are likely to require more heating and higher energy bills compared to well insulated homes.

The insulation standard needs to cater for certain homes that may have access issues where it is too challenging or not practical to insulate.

### Current insulation requirements for landlords in New Zealand

Since 1 July 2016, landlords need to meet ceiling and underfloor insulation requirements in their rental homes as set out in the 2016 regulations:[63]

- if insulation was installed **before** 1 July 2016, it must and when originally installed, meets the R-value of at least ceiling R1.9 and underfloor R0.9.
- for insulation installed **after** 1 July 2016, landlords must have an R-value of at least: ceiling: 2.9 if the premises are located in zones 1 or 2 or 3.3 if the premises are located in zone 3 and underfloor: R1.3.

# 2.1 What minimum level of insulation should be in rentals?

**Table 1: Proposed options for a minimum level of ceiling and underfloor insulation in rental homes for the insulation standard**

| Options | Ceiling requirements | Underfloor requirements |
|---|---|---|
| **Option One (Current Minimum Standard regulations)** | **Existing insulation must be replaced or 'topped up' if below:**<br>• 1.9 | **Existing insulation must be replaced or 'topped up' if below:**<br>• 0.9 |
| | **New insulation installed must be to latest code**:<br>• 2.9 if the home is located in zones 1 or 2<br>• 3.3 if located in zone 3 | **All new insulation installed must be at least**:<br>• 1.3 |
| **Option Two (akin to 2001 Building Code)** | **Existing insulation must be replaced or 'topped up' if below:**<br>• 1.9 in zones 1 or 2<br>• 2.5 in zone 3 | **Existing insulation must be replaced or 'topped up' if below:**<br>• 1.3 |
| | **New insulation installed must be to latest code**:<br>• 2.9 if the home is located in zones 1 or 2<br>• 3.3 if located in zone 3 | **All new insulation installed must be at least**:<br>• 1.3 |

| | | |
|---|---|---|
| **Option Three (akin to 2008 Building Code)** | **All new and existing insulation must be to latest code**:<br>• 2.9 if the home is located in zones 1 or 2<br>• 3.3 if located in zone 3 | **All new and existing insulation must be to latest code**:<br>• 1.3 |

### Option one (continue the status quo)

The requirements under the 2016 regulations (set out above) would continue to apply after 1 July 2019 so landlords must replace or retrofit insulation to meet (or exceed) the requirements for ceiling and underfloor insulation in their rental homes.

### Option two

Require retrofitting or replacing ceiling and underfloor insulation if it did not meet the 2001 insulation standard when it was installed or if it is not in reasonable condition.

### Option three

Landlords must replace, retrofit or 'top up' ceiling and underfloor insulation if it is does not meet the current minimum standard for new homes built since 2008.

| Questions for your feedback: |
|---|
| Which of the options (one, two or three) for the minimum level of insulation required do you support? Please explain. |
| Do you agree that the exceptions set out in the 2016 regulations should continue under the proposed insulation standard (e.g. when it is not reasonably practicable to install insulation)? Please explain. |
| Do you think any other requirements for insulation should be included in the standard and, if so, what? |
| Would any of the above options inhibit future innovation and/or flexibility? If so, how? |

## 2.2 How should "reasonable condition" be assessed?

Under the proposed options of Section 2.1, existing ceiling and underfloor insulation must be in 'reasonable condition'.

To help landlords and tenants assess whether existing insulation complies with the 'reasonable condition' requirement MBIE will set out a simple visual test.

Current guidance is if ceiling insulation has not settled below 70 millimetres thick and has no mould, dampness or gaps.

### Option one (status quo)

| Minimum level of insulation (see section 2.1) | Minimum Rvalue when originally installed | Minimum thickness for ceiling insulation" | Estimated additional number of rental homes requiring a ceiling insulation upgrade compared to 2016 regulations |
|---|---|---|---|
| **Option one (status quo)** | 1.9 | 70 mm | 0 |
| **Option two (2001 insulation standard)** | 1.9 – 2.5 | 70 – 90mm | 10,000 |
| **Option three (2008 insulation standard)** | 2.9 – 3.3 | 100 – 120 mm | 80,000 |

### Option two

Only a very minimal reduction in insulation thickness will be acceptable as reasonable condition.

| Minimum level of insulation (see section 2.1) | Minimum Rvalue when originally installed | Minimum thickness for ceiling insulation | Estimated additional number of rental homes requiring a ceiling insulation upgrade compared to 2016 regulations |
|---|---|---|---|
| Option one (status quo) | 1.9 | 90 mm | 40,000 |
| Option two (2001 insulation standard) | 1.9 – 2.5 | 90 – 120 mm | 70,000 |
| Option three (2008 insulation standard) | 2.9 – 3.3 | 140 – 160 mm | 190,000 |

| Questions for your feedback | |
|---|---|
| | Do you support option one or two to assess a "reasonable condition" for insulation? Please explain. |
| | Do you think any other criteria for interpreting "reasonable condition" of insulation should be included and, if so, what? |

## 2.3 How landlords show compliance with the insulation standard?

We propose that a landlord is required to retain a record to show compliance with the standard. Options for potential records include:

- the R-value when the insulation was installed
- a record of Building Code compliance and the level of insulation
- a suitably qualified and experienced assessor has certified compliance with the insulation standard.

| Questions for your feedback: | |
|---|---|
| | Do you agree landlords should show compliance with the insulation standard by retaining particular records? If so, which records should be retained? Please explain. |

# Section 3: Ventilation

The presence of dampness and mould is a particular problem in areas where high moisture events are caused by everyday activities, such as showering, cooking, and drying clothes. These activities generate moisture that remains inside if it is not well ventilated.[92,93] BRANZ recommends to regularly open windows and doors wide for 10 – 15 minutes and to use extract fans to provide sufficient ventilation after a high moisture event like showering or cooking.[94,95] Tenants may be unwilling to leave windows open due to cold air or security concerns.

### 3.1 What level of ventilation is required in rental homes?

### Option one (status quo)

Option one is the status quo. Under this option landlords must:

- ensure every bathroom has at least one window directly opens to outside air unless other means of ventilation are provided *to the satisfaction of the local authority*

- each habitable room must be constructed such that windows with an area amounting to not less than one twentieth part of the area of the floor of the room can be opened

**Option two: openable windows and extract fans in rooms with a bath or shower**

Option two requires landlords to install mechanical extract fans (or other similar device that extracts moisture) in indoor rooms that have a shower or bath.

**Option three: Openable windows & extract fans in rooms with bath, shower or indoor cooktop**

- higher administrative cost to government to educate landlords and tenants and ensure compliance with the obligation for optimal ventilation in a rental home than the status quo.

NZIER's 2018 cost benefit analysis for the ventilation options derived a negative net present value. This is because of the lack of reliable information to quantify the causal chain between the options to remove moisture from rental homes and a reduction in the costs that moisture can cause.

| **Option Summary: Appropriate ventilation for landlords to provide** | |
|---|---|
| **Option One (status quo)** | Every bathroom has at least one window that directly opens to the outside air unless other adequate means of ventilation are provided to the satisfaction of the local authority<br>Each habitable room has at least one window that directly opens to the outside air unless other adequate means of ventilation are provided to the satisfaction of the local authority<br>Every room which is not a habitable room shall be provided with such window or windows as the local authority may consider necessary for adequate ventilation |
| **Option Two** | Extractor fans installed in rooms with a *bath or shower*, and living rooms, dining rooms, kitchens, and bedrooms have opening windows unless an exemption applies |
| **Option Three** | Extractor fans installed in rooms with a *bath or shower or indoor cooktop*, and living rooms, dining rooms, kitchens, and bedrooms have opening windows unless an exemption applies |

| **Questions for your feedback:** | |
|---|---|
| | Do you support option one, two or three to provide adequate ventilation in rental homes? |
| | What other forms of ventilation should be considered acceptable, or not as acceptable? |
| | Should exemptions should be available for certain rental homes from requiring openable windows? |
| | Would any of the proposed options for ventilation prevent future innovation and / or flexibility? |

# Section 4: Moisture ingress and drainage

Moisture entering a home from outside often contributes to damp and mould issues in addition to moisture created by everyday occupant activities like cooking and showering.

A 2015 study by BRANZ found that mould was visible in over half of New Zealand rental homes. Mould is a key indicator of indoor air quality & is potentially harmful to tenants' health.

What causes moisture ingress and inadequate drainage in rental homes?

- Subfloor moisture entering the home:
- Leaks:
- Inefficient drainage:
- No or failed waterproofing or drainage of concrete floors and in-ground walls:

### Existing legislation

The Housing Improvement Regulations states that every house shall be free from dampness *to the extent the local authority deems necessary*, be provided with efficient drainage for the removal of storm water, surface water and ground water. Every house shall be provided with gutters, downpipes and drains for the removal of roof water *to the satisfaction of the local authority*.

### 4.1 How should landlords protect rental homes against moisture and inadequate drainage?

### Option one (status quo)

Under this option, landlords are required to meet their existing legal obligations, including the Residential Tenancies Act and Housing Improvement Regulations set out above.

### Option two: landlords install a ground moisture barrier if vents are not adequate and drainage must be efficient

Ensure a suspended floor has a ground moisture barrier covering soil under the home to protect against moisture ingress and dampness. targets the identified issue of rental homes having substantial subfloor moisture, insufficient subfloor ventilation, inefficient drainage and leaks and inadequate drainage.

### Exemption:

A landlord would not need to provide a ground moisture barrier under option two if:

- the rental home has adequate (open and unblocked) subfloor ventilation openings of sufficient size and distribution around the subfloor perimeter to meet the requirements of the relevant New Zealand building standard (currently NZS 3604:2011)
- the rental home is a pole house[125] with an open air space between the floor and the ground under the home; or
- a landlord obtains a certificate from a qualified building surveyor to show that their rental home complies with the standard.

This means that, where a rental home has insufficient access to install a ground moisture barrier, wherever practicable, one of the exemptions above are met.

| **Option Summary: Moisture ingress and drainage** | |
|---|---|
| **Option One (status quo)** | Landlords continue to meet the requirements of the Building Code, Residential Tenancies Act and the Housing Improvement Regulations |
| **Option Two** | Landlords provide efficient drainage and guttering, downpipes and drains and ensure that the subfloor has a ground moisture barrier, unless there is already adequate subfloor ventilation |
| **Questions for your feedback** | |
| | Do you support option one or two above to address the problems identified with moisture ingress and inadequate drainage in New Zealand rental homes? Why/Why not? |

| | |
|---|---|
| | Do you think other requirements for moisture ingress and drainage should be included in the standard? If so, what? |
| | Do you agree with the proposed exemptions? Do you think there are other homes that should also be exempt? |
| | Would any of the above options inhibit future innovation and/or flexibility? How do you suggest this could be overcome? |

# Section 5: Draught stopping

**What is the issue with draughts and their impact on New Zealand rental homes?**

Draughts also make it harder and more expensive for tenants to heat their homes. Homes that are draughty can limit the benefits of improved insulation, heating, and ventilation.

### 5.1 What is the appropriate level of draught?

**Option one (status quo):**

The Home Improvement Regulations requires that the materials of which each house is constructed shall be sound, durable and where subject to the effects of the weather, weatherproof, and shall be maintained in such a condition. The walls and ceilings of every habitable room, bathroom, kitchen, kitchenette, hall and stairway shall be sheathed, plastered, rendered or otherwise treated and shall be maintained to the satisfaction of the local authority. Every floor shall be kept in a good state of repair free from crevices, holes and depressions.

**Option two: stop unnecessary gaps or holes that cause noticeable draughts**

Requires the landlord to stop any unnecessary gaps or holes that cause noticeable draughts and a colder rental home, and:

- are 3 millimetres or greater in and around windows and doors, walls, ceilings, floors and access hatches
- block any decommissioned chimneys and fireplaces.

| **Option: Draught stopping** | |
|---|---|
| **Option One (status quo)** | Landlords are required to ensure walls and ceilings of every habitable room, bathroom, kitchen or kitchenette, hall and stairway shall be sheathed, plastered, rendered or otherwise treated and shall be maintained to the satisfaction of the local authority. Every floor shall be kept in a good state of repair free from crevices, holes and depressions |
| **Option Two** | Landlords to stop any unnecessary gaps or holes that cause noticeable draughts and a colder rental home, and:<br>• are 3 millimetres or greater in and around windows and doors, walls, ceilings, floors and access hatches<br>• block any decommissioned chimneys and fireplaces. |

| Questions for your feedback: |
| --- |
| Do you support option one or two to stop draughts and create warm and dry rental homes? |
| What other requirements for draught stopping should be included in the standard? |
| Would any of the above options inhibit future innovation and / or flexibility? If so, how? |
| Should the regulations specify any exceptions to this standard? If so, what? |

# Section 6: Date to comply with the standards

The HHG Act allows for phased implementation of the healthy homes standards between 1 July 2019 and 30 June 2024.

### Option one: comply at start of a new or renewed tenancy

We propose that this requirement could commence on 1 July 2021 to help provide landlords, industry, and government reasonable time to understand the obligations. After 1 July 2021 landlords would have to comply with the standards at 90 days after the time they sign or renew or vary a tenancy.

A periodic tenancy and an ongoing tenancy that does not require a new tenancy agreement to continue would not trigger this requirement. In those cases, landlords would have until 1 July 2024 to comply with the standards. All rental homes in New Zealand would need to comply with the standards by 1 July 2024, or an earlier date could be set in the regulations (e.g. 1 July 2021).

### Option two: a single compliance date

landlords will need to meet all of the standards by a set date. We propose 1 July 2022. This date was chosen to help provide landlords, industry, and government reasonable time to understand the obligations, build capacity and comply. It could also help to ensure an online tool would be built for the heating standard. At the same time, tenants could also benefit from higher quality housing at an earlier date than if the changes were linked to new tenancy agreement or staggered to a final date of 1 July 2024.

### Option three: staggered compliance dates over five years

Stagger compliance over the five year implementation period. The implementation dates would only be confirmed once decisions are made on the content of the standards. Implementation dates will need to allow a reasonable timeframe for industry to have sufficient resource and staff to scale up and down to meet expected demand from landlords and property managers. We set out two approaches to staggering compliance dates for the healthy homes standards below.

- **Sub-option A: compliance date set by healthy homes standards**

Each standard has its own implementation date between 1 July 2019 and 1 July 2024. High priority areas could be implemented earlier. For example, the draught stopping standard by 1 July 2020, the moisture ingress and drainage standard by 1 July 2021, the ventilation standard by 1 July 2022, the insulation standard by 1 July 2023, and the heating standard by 1 July 2024

- **Sub-option B: compliance dates set by location of the rental home**

Different compliance dates could be set for rental homes based on their location in New Zealand. The standards, such as for heating and insulation, could be implemented earlier in colder regions of the country, such as the South Island or Central Plateau of the North Island.

| Option | Implementation |
|---|---|
| **One** | Landlords must comply with the standards within 90 days of the start or renewal of a tenancy |
| **Two** | A single date is chosen for when all landlords must comply with the standards |
| **Three** | Implementation dates are staggered either by Standard or Rental home location |

| Questions for your feedback: | |
|---|---|
| | Do you support option one, two or three above for the date that landlords need to comply with the standards for their rental homes? Why/why not? |
| | For option one, do you think 1 July 2021 is the appropriate commencement date? Why / why not? Should landlords be given a 90 days between the start of a tenancy and when they need to comply? |
| | For option two, do you think 1 July 2022 is an appropriate date to allow sufficient time to comply with the standards? If not, which date do you think would be appropriate, and why? |
| | For option three, which approach do you think is an appropriate way to stagger implementation (by standard or location)? Do you have an alternative approach to staggering implementation that you think we should consider? |
| | Is there a feasible compliance date option that has not been considered? Please explain |

| General question for your feedback | |
|---|---|
| | Do you agree with the assumptions and analysis in the document for the indicative costs and benefits, and our analysis of the advantages and disadvantages? |

# Section 7: Implementation: Enforcing the standards

| Questions for your feedback | |
|---|---|
| | What records should a landlord retain to show compliance with each healthy home standard (e.g. R-value certification for the insulation standard)? |
| | What could be on tenancy agreements to show compliance with each healthy home standard (e.g. description of ventilation supplied in the kitchen & bathroom for the ventilation standard)? |