

RENTAL PROPERTY WARRANT OF FITNESS

Background

Proposals for a rental property WOF were first made in 1996. Reasons included wanting to reduce the age of rental properties by banning properties over a certain age from being able to be rented. Successive Governments, both Labour and National, have rejected these calls because of the negative affect it would have on the provision of rental properties and the rental costs to tenants.

The latest proposal for a WOF was advanced in 2012 by an expert group that advised the Children's Commissioner on solutions to child poverty. Otago Medical School has spent considerable time and resources researching and advocating for a rental property WOF.

In May 2013 the new Housing Minister, Nick Smith, tasked his officials to report on the feasibility of a WOF for state houses.

The Green Party support a rental property WOF. Greens' policy states that rental homes would need a WOF that guarantees the house is insulated and weather-tight, has heating, hot and cold tap water, a toilet, a shower or a bath, electricity and a stove before it can be rented out.

Other WOF requirements that have been suggested include age restrictions for rental property, making it mandatory for premises to have: drapes, soundproofing, heating, smoke detectors and correct orientation to the sun.

Minimum Standards: National Housing Minister Nick Smith Passed Minimum Standards for rental properties Passed June 2016.

- All rental properties under-floor and ceiling areas must be insulated by July 2019,
- Exemptions apply to properties where it is physically impractical to retrofit insulation.
- Long life photoelectric smoke alarms must be installed in all rentals from July 2016
- Tenants will be responsible for replacing batteries and notifying landlords of defects.
- New powers for MBIE to prosecute landlords for breaking tenancy regulations.
- Retaliatory action by landlords increased from \$1,000 to \$4,000

Healthy Homes Guarantee Bill. Instigated in October 2013 by then Labour Housing Spokesperson Phil Twyford as a Private Members Bill. The Bill would mainly make minimum heating and insulation standards compulsory over a five year period. Landlords must state on their Tenancy Agreement that their rental property meets the standards, but properties will not be inspected. Passed Dec 2017. MBIE tasked with determining what the standards will be.

NZPIF position on a rental property WOF

- A WOF regime with inspections would impose extra costs on all rental properties with owners forced to pass these costs onto tenants through increased rents.

- Tenant demand should set rental standards, dictating quality standards at different prices. Only 7% of calls from tenants to the DBH advice line are concerning maintenance issues.
- Government heavy-handedness would limit tenant choice as to the type of accommodation they require and the price they are willing to pay.
- Sufficient sanctions are already available via the provisions in the RTA, the Housing Improvement Act, Health & Safety regulations. A WOF would duplicate existing laws.
- Generally, premises are let in a good and tidy condition. However landlords have little control over how a tenant chooses to live, eg drying clothes indoors, not ventilating the bathroom when showering, etc.
- The NZPIF supports good rental property standards, but is opposed to a full rental property WOF with inspections as it would inevitably become more onerous over time.

NZPIF Position on Minimum Standards Legislation

The NZPIF is supported the rental property minimum standard Bill as the focus was on issues that had the greatest impact on tenants quality of life and safety, while minimising rental price increases.

By focussing mostly on insulation, the minimum standards do not require regular and expensive inspections and reduce the risk of extra requirements being added over time. These are two prime deficiencies of a rental property WOF.

The NZPIF supports the level of insulation being set at 1978 levels rather than new build requirements. The cost of increasing the level of existing insulation is almost as high as installing new insulation, with only a marginal increase in efficacy.

As installing insulation will be a requirement to provide the property as a rental, the cost of the insulation should be tax deductible. This is not only fair, it will reduce rental price inflation.

As Government will make considerable savings in health expenditure, grants should be made available to insulate rental property to reduce rental price inflation.

The NZPIF has observed that many tenants living in insulated houses are still cold as they do not use heating and do not know how to manage their home to keep it dry and warm. Because of this, the NZPIF has two recommendations:

- 1) That Government provide electricity vouchers to families with children that have an existing and related illness.
- 2) That Government increase the budget for tenant education and provide best practice advice on tenants can manage their properties to increase their warmth and dryness.