Rental property warrant of fitness a costly mistake

By Mike Butler, July 2014

Introduction

Warrant of fitness inspections

A rental property warrant of fitness is sold as THE way to end poverty-related child illnesses but the government already knows that the evidence used to support a WOF regime shows that ill health is more to do with how people live in houses and not the condition of the houses.

A warrant of fitness regime would therefore be an expensive and costly mistake while overcrowding, lack of ventilation, use of portable gas heaters, in other words all the circumstances that cause the ill health, would continue even if an inspection regime is in place.

I am a professional property investor and manager, have been working in the industry for 25 years, and have enough experience with building warrant of fitness compliance regimes for fire alarms to say that most owners of residential rentals just don't know what they are letting themselves in for by going along with a warrant of fitness scheme.

I have read the two reports used as evidence for a warrant of fitness, *Solutions for Child Poverty in New Zealand*, and *Working Paper 18: Housing policy recommendations to address child poverty,* that were submitted by Children's Commissioner Russell Wills, as well as a number of the academic papers cited in footnotes of those reports. Close inspection of the data in those reports and papers shows that:

1. Evidence submitted to support the claim that rental property is in an appalling condition is based on a 2010 survey of just 491 dwellings, both owner-occupied and rental, by the Building Research Association of New Zealand. This survey resulted in a highly subjective judgment that 44 percent, or 216 properties, both owner-occupied and rental, were in poor condition.

2. Evidence to support the claim that houses were making children in poverty sick actually showed that overcrowding, use of portable gas heaters, failure to ventilate, and poor hygiene made children sick. The houses did not make the children sick; occupant behaviour made the children sick.

3. Proponents cite a $4.80 benefit for every $1 spent on insulation and clean heat. But they don't say that this figure is over 30 years and is mainly based on a dollar value intended to reflect a slightly reduced mortality of occupants of state houses that had been insulated.

Advocates for children in poverty propose a 63-point checklist to see whether the dwelling is intact, not leaking, has opening windows and lockable doors, insulation, fixed heaters and so on carried out at regular intervals by an independently qualified person for a fee.

These advocates cite a study of poor health among children that found that 57 percent of their homes used portable unflued gas heaters, which produce dangerous vapours and dramatically adds to dampness and mould in a home, yet use of these heaters remains outside the scope of a warrant of fitness.

Remedies already exist to compel any property owner who may be reluctant to carry out repairs. The Residential Tenancies Act lists a landlord's failure to meet obligations in respect of cleanliness, maintenance, or building, or health and safety requirements as an unlawful act that faces a fine of $3000 plus compulsion to effect repairs.

Complaints about cold housing may be traced to occupants not turning on a heater out of fear of a hefty power bill. Insulation reduces energy costs by five percent, but the price of electricity has increased 10 percent a year for 10 years.

New Zealand has 1.7-million occupied dwellings, including 480,000 rental properties of which 69,000 are owned or leased by Housing New Zealand and the remainder owned privately. The rental property sector is a $6-billion industry and comprises three percent of GDP, which means tinkering with a warrant of fitness regime would have a substantial impact.

With insulation and other upgrades estimated to cost around $12,600 per property, a warrant of fitness scheme would cost Housing New Zealand around $870-million to achieve a debatable benefit over 30 years. If rolled out to the private sector, many private landlords would need to borrow for upgrades. The additional costs would result in rent increases of $20 to $30 a week.

A trial of 144 rentals across Christchurch, Auckland, Tauranga, Wellington, and Dunedin early this year found a failure rate of 94 percent. This high failure rate simply demonstrated how unreasonably excessive the requirements were.

Because occupant behaviour is beyond the scope of a WOF, and because most poor health outcomes result from occupant behaviour, namely overcrowding, lack of ventilation, and use of portable gas heaters, any WOF scheme on rental housing would be a costly mistake.

A warrant of fitness scheme would not only fail to achieve its purpose, but would drive up rents and cause a number of landlords to sell to owner occupiers, thus reducing the availability of rental accommodation across the board.

Who wants a warrant of fitness?

Intense lobbying by child poverty advocates prompted two reports by the Children's Commissioner, *Solutions for Child Poverty in New Zealand*, and *Working Paper 18*. Children's Commissioner Russell Wills told Television One's Q&A programme last year that:

> *Most kids who are living in poverty live in private rentals, not state rentals but private rentals, and those houses are in appalling state. So having a warrant of fitness again is one of those very practical recommendations that the Expert Advisory Group recommended.*[1]

Allegedly "old and cold" housing provided a fertile ground for political opportunism. The Child Poverty Action Group (Aotearoa New Zealand), formed in 1994 modelled on a United Kingdom group of the same name, has been demanding regulation of rental accommodation using a mandatory warrant of fitness.

The main source of academic papers on housing and health is Philippa Howden-Chapman, who is a Professor of Public Health at the University of Otago, Wellington. She is director of the He Kainga Oranga Housing and Health Research Programme and the New Zealand Centre for Sustainable Cities. She has conducted a number of community housing trials, which have influenced housing, health and energy policy. Her name appeared 23 times in the 110 cites in the Office of the Children's Commissioner's Working Paper 18.[2]

As already mentioned, Dr Russell Wills has incorporated child poverty political advocacy with his role as Children's Commissioner. Wills started his five-year term on July 1, 2011, which he combines the role with his work as a paediatrician at Hawke's Bay District Health Board. After training at the University of Otago Medical School, he studied paediatrics overseas and gained a Master of Public Health degree in Brisbane. He then returned to New Zealand and worked as national paediatrician for Plunket, a senior lecturer at the Wellington School of Medicine and community paediatrician at Wellington Hospital before moving to Hawke's Bay in 2001.[3]

Dunedin mayor Dave Cull began promoting a warrant of fitness for rental properties as part of his campaign to retain his seat in the 2013 local body elections. Student flats in Dunedin have been called some of the "coldest housing in the country"; student residents regard being able to live in them as a badge of courage. Cull observed that because the council did not have the jurisdiction to implement a by-law that would impose standards stricter than the national Building Code, he advocated a local bill in Parliament set minimum standards for insulation, heating and weather tightness for existing homes.[4]

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[1] *Russell Wills, Q&A, TVNZ, November 03, 2013.*
[2] The houses children live in.http://igps.victoria.ac.nz/publications/files/f79b9f69dfa.pdf
[3] Children's Commissioner. http://www.occ.org.nz/about-us/our-people/
[4] Dunedin City Council eyes rental, July 18, 2013. WoFhttp://www.3news.co.nz/Dunedin-City-Council-eyes-rental-WoF/tabid/423/articleID/305455/Default.aspx#ixzz345gZXf7a

The mainstream media spread child poverty propaganda, most notably two documentaries fronted by Bryan Bruce. *Inside Child Poverty* that screened on TV3 a few days before the general election in November 2011, devoted 15 minutes to the interior of a damp, mouldy Housing New Zealand flat. *Mind the gap,* that screened in February of this year, lashed out by saying every year the government pays out $1.2-billion in the accommodation supplement to make landlords rich at the taxpayers' expense.

What is child poverty?

Dr Wills blurs the distinction between absolute and relative poverty. New Zealand does not have an official poverty measure, and does not have absolute poverty. Child poverty advocates use "relative poverty", which is defined as living on 60 percent of the median wage of $28,500 after housing costs – unlike absolute poverty, which is severe deprivation of basic human needs, including food, water, and shelter.

Use of the "relative poverty" definition means there will always be poverty in New Zealand no matter how high wages rise. Since the poverty definition has been extended to include having to rent, not having an internet connection, and living in a single-parent family, Dr Wills is now able to claim that there are 270,000 children living in poverty in New Zealand. To put that figure in context, the 2013 census showed that the total number of children in New Zealand under the age of 15 numbered about 1.1-million.

What is known about housing condition?

Data on the condition of New Zealand housing is limited but a House Condition Survey Report done in 2010 by the Building Research Association of New Zealand inferred 200,000 rental properties were in poor condition. Issues include lack of ventilation and insulation, poor condition of external cladding, internal linings, plumbing and wiring issues. It estimated 75 percent of rental housing had mould as did half of owner-occupied housing. Moreover, slips, trips, and falls in and around the home cost $500-million annually.

However, that survey looked at just 491 properties, both owner-occupied and rental. The "appalling" tag appears based on a subjective judgment that 216 properties of the sample of 491 were in poor condition. Besides, if the sample carried the national ownership-rental ratio, most of these would have been owner-occupied. The survey found only 22 percent were in good condition and 44 percent in poor condition, and said the average cost of required repairs was $9700 for rentals and $8000 for owner-occupied.[5] The last comprehensive survey of New Zealand housing was done in 1938.

[5] Buckett, N. R., M. N.J., et al. (2011). Preliminary Branz 2010 House Condition Survey Report - Second Edition. BRANZ Study Report 240. Judgeford, New Zealand, BRANZ Ltd

Substandard housing already unlawful

Letting a substandard property is already unlawful. Section 109A of the Residential Tenancies Act lists a landlord's failure to meet obligations in respect of cleanliness, maintenance, building, or health and safety requirements as an unlawful act that faces a fine of $3000 plus compulsion to effect repairs. Section 45 of the Act spells out the landlord's responsibilities, all of which are detailed on standard tenancy agreements thus:

(1) The landlord shall—

> (a) Provide the premises in a reasonable state of cleanliness; and
> (b) Provide and maintain the premises in a reasonable state of repair having regard to the age and character of the premises and the period during which the premises are likely to remain habitable and available for residential purposes; and
> (c) Comply with all requirements in respect of buildings, health, and safety under any enactment so far as they apply to the premises; and
> (ca) if the premises do not have a reticulated water supply, provide adequate means for the collection and storage of water; and
> (d) Compensate the tenant for any reasonable expenses incurred by the tenant in repairing the premises where—
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> > (i) the state of disrepair has arisen otherwise than as a result of a breach of the tenancy agreement by the tenant and is likely to cause injury to persons or property or is otherwise serious and urgent; and
> > (ii) the tenant has given the landlord notice of the state of disrepair or made a reasonable attempt to do so; and
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> (e) Take all reasonable steps to ensure that none of the landlord's other tenants causes or permits any interference with the reasonable peace, comfort, or privacy of the tenant in the use of the premises.

(1A) Failure by the landlord to comply with any of paragraphs (a) to (ca) of subsection (1) is declared to be an unlawful act.

A tenant may require any property owner who does not keep up with maintenance to do repairs for any defects by giving a 14-day notice in writing and if not remedied, by going to the Tenancy Tribunal. There are few cases compelling owners to do repairs. Most Tenancy Tribunal cases involve property owners compelling tenants to pay rent.[6]

[6] In 2013 there were 45,093 applications nationwide to the Tenancy Tribunal. 41,496 or 92% were from landlords. The other 8% (3,597) were filed by tenants. Most of the applications filed by landlords were for rent arrears (61%). http://www.smartbusinesscentre.co.nz/2014/05/perils-of-being-a-landlord/

Soaring electricity price keeps some dwellings cold

Theoretically, the presence of power sockets in every room in every house in New Zealand, and the wide availability of plug-in electric heaters, should mean that clean, dry heating may be available in every home right now. But, the price of electricity has nearly doubled over the past 10 years, from 12.95 cents per kilowatt/hour (before GST) in 2004 to 22.553 cents per kilowatt/hour in 2014.[7] A warrant of fitness would not encourage anyone to turn on a heater, even a high-end heat pump, if the occupant doesn't want to pay for the electricity. All tenancy managers, whether they work for Housing New Zealand, local authorities, social housing providers, or private property owners, already know that low-income tenants are very cautious about turning on any electrical device because they don't want to be hit with a big power bill.

What is the relationship between housing and health?

The studies cited in the Children's Commissioner's *Working Paper 18* link poor health outcomes to tenant behaviour - overcrowding, failure to ventilate and failure to wipe away condensation - and not to the dwelling itself.

1. Over crowding was found to be a risk factor for epidemic meningococcal disease in Auckland, as it was for tuberculosis, and acute rheumatic fever. Severe household crowding was defined as a deficit of two or more bedrooms for the size of the household.[8] Annually, there are around 100 meningococcal cases, 300 tuberculosis, and around 170 acute rheumatic fever cases in New Zealand, with 80 acute rheumatic fever cases just in Auckland. It must be stressed that household crowding was linked to the infections diseases, not poor housing.

2. The paper cited a Healthy Housing Programme from 2001 to 2003, on state houses in South Auckland, Northland and Wellington, that aimed to reduce household crowding, as well as improving housing ventilation and heating. This study found a 23 percent reduction in doctor

[7] These prices were for electricity in Hastings supplied by Contact Energy Ltd

[8] Papers cited were: Baker M, McNicholas A, Garrett MH, Jones N, Stewart J, Koberstein V, et al. Household crowding a major risk factor for epidemic meningococcal disease in Auckland children. Pediatric Infectious Disease Journal 2000;19(10):983-90. Baker M, Das D, Venugopal K, Howden-Chapman P. Tuberculosis associated with household crowding in a developed country. Journal of Epidemiology and Community Health 2008;62:715-21. Baker MG, Barnard LT, Kvalsvig A, Verrall A, Zhang J, Keall M, et al. Increasing incidence of serious infectious diseases and inequalities in New Zealand: a national epidemiological study. The Lancet 2012;379:1112-19. Jaine R, Baker M, Venugopal K. Acute rheumatic fever associated with household crowding in a developed country. Pediatr Infect Dis J 2011;30(4):315-9 he aim of this study was to examine the association between acute rheumatic fever and household crowding in New Zealand between 1996 and 2005. This study used hospitalization data and census data to calculate incidence rates by census area unit (CAU). Rates of ARF were examined in relation to individual factors (age, ethnicity) and area factors based on the CAU of home address (household crowding, New Zealand deprivation index, household income, and proportion of children aged 5-14 years). This study included 1249 new cases of ARF between 1996 and 2005.

visits and hospitalisations for those aged 5-34 years.[9] Again it must be stressed that household crowding and tenants not opening windows was linked to the infections diseases, not poor housing.

3. Mould appears when occupants fail to ventilate and wipe away condensation. Living in a damp house carries a 13.2 percent risk of catching a cold or getting hay fever, according to a 1991 study in Finland of 1863 children aged 1-7 years. Water damage and moisture on the surfaces were linked to getting a cold or hay fever (allergic rhinitis).[10] Aside from the possibility of living in a leaky home, for which there are remedies under the Residential Tenancies Act, failure to ventilate and wipe away condensation are occupant behaviours.

Both *Solutions for Child Poverty in New Zealand* and *Working Paper 18* fail to note that changing occupant behaviour would be beyond the scope of any warrant of fitness, which would mean that any warrant of fitness regime would have little effect on the presence or absence of mould. The repeated claims that many houses are cold and damp point to lack of heating and ventilation in both reports ignore the presence of power sockets in every room in every New Zealand house, and the important fact that with plug-in electric heaters being widely available, clean, dry heating could be available in every home right now.

What is the relationship between heating and health?

A study to see whether retrofitting insulation and installing effective heaters would have an impact on children with asthma involved 409 asthmatic children who lived in housing deemed to have ineffective heating with 57 percent using portable gas heaters. The parents of 60 percent of these children judged their children's health to be poor or fair, 60 percent of the children had their sleep disturbed by wheeze, and 66 percent had fits of dry coughing at night. Portable unflued gas heaters emit dangerous gases and particulates. In almost a quarter of these homes, the average level of nitrous dioxide (NO2) over the four weeks of monitoring was above the World Health Organization 24-hour outdoor guideline of 40µg/m3.

New clean heat heaters raised the temperature by 1.1°C in the living room 0.6°C in the bedroom (from an average of 14°C) and reduced the NO2 level by two-thirds among those houses with portable gas heaters. This significantly reduced the level of poor and fair health, sleep disturbed by wheeze, and dry cough at night, which in turn resulted in the children in the intervention group having on average two fewer days off school during the year.[11]

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[9] Baker M, Zhang J, Keall M, Howden-Chapman P. Health Impacts of the Healthy HousingProgramme on Housing New Zealand Tenants: 2004-2007. Wellington: He Kainga Oranga/ Housing and Health Research Programme, University of Otago 2011.

[10] Home dampness and molds as determinants of allergic rhinitis in childhood: a 6-year, population-based cohort study..http://www.ncbi.nlm.nih.gov/pubmed/20639287

[11] Working Paper 18, p14

Unflued portable gas heaters banned elsewhere

A third of New Zealand households use portable unflued gas heaters. Unflued and bottled gas heaters produce toxic by-products such as carbon monoxide, sulphur dioxide and nitrogen oxide. In non-ventilated rooms these heaters can deplete oxygen levels causing incomplete combustion. The by-products identified above can cause feelings of fatigue, and worsen heart and respiratory problems, especially in asthma sufferers.

Unflued and bottled gas heaters generate water vapour, often doubling or trebling the total amount of moisture produced in the average home. According to the Building Research Association of New Zealand, a bottled gas heater produces around 200mls (0.2 litres) of water vapour for each kilowatt of output, each hour it is operating. For example, a 2kW gas heater will generate 400mls of moisture (0.4 litres) an hour, equivalent to a 2 litre milk container of water being spread around inside the home every five hours of operation. This significantly increases mould, mildew and condensation problems, creating health risks and damaging furnishings, window frames and personal effects.

Portable gas heaters bring a fire risk especially resulting from drying clothes near a naked flame. This can result in clothes catching fire, and fire spreading to damage or destroy the dwelling.

Unflued gas heaters are banned in Canada and some United States and Australian states. The U.S. Environmental Protection Agency has recommended warning labels on all such gas appliances. With considerable evidence that unflued gas heaters increase nitrous dioxide levels above international standards, contributing to respirator ailments, and increase dampness, as well as heightening the risk of fire, the short answer would be a ban on portable gas heaters.

Surely insulation helps?

Insulation reduces energy costs by five percent. Heat travels from warm to colder areas. In an un-insulated home 30-35 percent of the heat escapes through the roof, another 18-25 percent escapes through the walls, 12-14 percent is lost through the floor, 20-30 percent heads out through the glass in windows, and between 6 and 9 percent is lost through draughts or when doors are opened and closed. [12] The resistance of a material or building structure to transferring or conducting heat is expressed as an “R value”. Insulating materials with higher “R values” reduce the rate of heat loss (or gain in summer) from a building. This reduces the heating or cooling needed to maintain a comfortable indoor temperature.

Building code (NZS 4218:2004) insulation requirements for the North Island excluding the Central Plateau are: Roof R2.9, Walls R1.9, Floor R1.3, Vertical glazing R0.26, and Skylights

[12] Consumer. http://www.consumer.org.nz/reports/insulation/the-basics

R0.26. Building Code insulation requirements for the South Island and the North Island Central Plateau are: Roof R3.3, Walls R2.0, Floor R1.3, Vertical glazing R0.26, and Skylights R0.31.

The Warm-up New Zealand Heatsmart programme

The Warm-up New Zealand: Heat Smart programme that resulted from an agreement between the National and Green parties has allocated $340-million for insulation retrofits and clean-heating grants for owners of housing with occupants on low incomes. Under that scheme 188,500 homes have been insulated since 2009.

Otago University researchers and the Children's Commissioner noted that private property investors did not rush to take up the subsidies available for insulation and clean heat. However, they appeared unaware that the requirement to use registered installers made the scheme expensive because registered installers captured the market and controlled prices. Lack of uptake of the scheme by landlords does not mean that properties remained uninsulated. Private property owners simply bought bundles of batts and either installed the batts themselves or paid a minimum wage worker to do so. For instance, I insulated a nine-flat building for a total cost (materials and labour) of $1726.34 that would have cost $3886.10 after taking advantage of subsidies. The saving was $2159.76.

One further problem was that because the subsidy was only available for occupants on welfare, some dwellings in a multi-flat building occupied by welfare recipients would attract a subsidy while those occupied by workers wouldn't. With only three flats in that block attracting a subsidy, the requirement to use a licensed installer for the entire nine flats to collect a subsidy on three flats was not cost-effective.

Insulation increased condensation in properties with concrete block walls and aluminium joinery. One report analysing the scheme[13] did not note that by raising the interior temperature and increasing the difference of temperature between the warm interior and cold exterior on windows, aluminium joinery, and concrete block walls, condensation increased. Inspectors noticed increased mould in these properties during Housing New Zealand inspections in 2013.

The benefits of insulation have been so hyped that some people now think that an insulated house is a warm house without having to turn on a heater. Television advertising by the Energy Efficiency and Conservation Authority that promote insulation as a silver bullet do not say that the benefit is reduced energy costs of just five percent.

[13] Telfar Barnard L, Preval N, Howden-Chapman P, Arnold R, Young C, Grimes A, Denne T (2011) The impact of retrofitted insulation and new heaters on health services utilisation and costs, and pharmaceutical costs. Evaluation of the New Zealand Insulation Fund.

Spending $1 saves $4.80?

A cost-benefit analysis based on the Warm-up New Zealand: Heat Smart programme produced an often-quoted figure of a $4.80 savings to every $1 spent. This was based on government expenditure on the campaign for the 2010-11 year compared with projected savings over 30 years. The savings included slightly reduced mortality, and reduced prescription, hospitalization, and energy costs. As you will see from the figures below, the big dollars are described as "health benefits" and the main part of the health benefit is a number created to reflect a small increase in life years found among occupants of state houses that had been insulated. The benefit for improved heating was zero for non-welfare households.

Resource costs for 2010-2011 included administration (around $7.6-million), tax ($16.9-million), cost of insulation ($49.9-million), and the cost of clean heaters and installation ($16.9-million). This gave total costs of $90.8-million. Benefits included total energy savings of $23.1-million; plus health benefits – for holders of community services cards ($802-million), and for those not on welfare ($460-million); giving a total of $1.263-billion. Based on these figures benefits to the government exceed costs by the government by 4.8 times over 30 years.[14]

Health benefits were explained in a further study titled "Impact of retrofitted insulation and new heaters on health services utilisation and costs, and pharmaceutical costs", [15] which evaluated changes including mortality in the first houses insulated under the Warm-up New Zealand programme. The study, which compared 37,163 newly insulated mostly Housing New Zealand properties with non-scheme properties in the same areas, found a slight difference in mortality, of 0.852 deaths per 1000 households each containing 3.61 people. The study noted that those whose houses were insulated were less healthy than those in the control group.

The life years gained was valued at $439.95 per year per insulated household. They predicted an on-going annual benefit of $563.18 for insulation and only $4.64 for improved heating. The figure was higher for community services cardholder households that received insulation ($818.34) and lower for households that did not receive insulation as community services card holders ($227.42). The benefit for improved heating was $9.27 for community services card households and $0.00 for non- community services card households.[16] The report was silent on the extra cost to government imposed by the extra life years of sick people on welfare.

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[14] Working paper, p13

[15] Telfar Barnard L, Preval N, Howden-Chapman P, Arnold R, Young C, Grimes A, Denne T (2011) The impact of retrofitted insulation and new heaters on health services utilisation and costs, and pharmaceutical costs. Evaluation of the New Zealand Insulation Fund. http://www.healthyhousing.org.nz/wp-content/uploads/2012/03/NZIF_Health_report-Final.pdf

[16] Telfar Barnard L, Preval N, Howden-Chapman P, Arnold R, Young C, Grimes A, Denne T (2011) The impact of retrofitted insulation and new heaters on health services utilisation and costs, and pharmaceutical costs. Evaluation of the New Zealand Insulation Fund. http://www.healthyhousing.org.nz/wp-content/uploads/2012/03/NZIF_Health_report-Final.pdf

Those promoting the benefits of insulation and clean heat neglect to say that the government is the main beneficiary, while property owners mainly face a cost. Some energy savings accrue to the tenant although data in a Guardian report on the United Kingdom experience shows that many spend the same amount on energy and take the benefit in extra comfort.[17] The benefit to private landlords is in gaining a competitive advantage over owners of properties without insulation. This advantage of course disappears if all properties are similarly insulated.

The WOF checklist, health, and 94 percent failure rate

A checklist used in a warrant of fitness trial involving 144 rentals across Christchurch, Auckland, Tauranga, Wellington and Dunedin early in 2014 had little to do with the health concerns of the Children's Commissioner. This trial involved councils, the Accident Compensation Corporation, the New Zealand Green Building Council, and the University of Otago. It aimed to test whether draft WOF checklists and methodologies were practical for landlords, assessors and tenants. About 94 per cent of the 144 houses inspected did not pass at least one of the 31 checklist items, but the majority failed on only a handful. The trial found 36 per cent would pass all of the draft WOF criteria with "just a few minor and inexpensive fixes", such as installing smoke alarms or adjusting hot-water temperatures.[18]

Here is the checklist:

House age
Approximate size
Storeys
Number of bedrooms

<u>Kitchen and laundry</u>
Wall and ceiling linings, and floor intact
Surfaces clear of mould
Functioning stove and oven
Effective ventilation to the outside
Adequate food preparation and storage
Working artificial lighting
Potable water supply
Hot water temperature at tap (55°C ±5°C)
Waste water drainage with sound connection
Visibly safe power outlets and light switches
Secure storage (1.2-metres high or child-safe lock)

[17] The energy efficiency 'savings' that are just hot air, The Guardian, January 18, 2014. http://www.theguardian.com/money/2014/jan/18/energy-efficiency-savings-less-than-advertised-green-deal
[18] Results from a Rental Housing Warrant of Fitness Pre-Test, May 2014. http://static.stuff.co.nz/files/Rental-Housing-WOF.pdf

Bathroom and toilet
Wall, ceiling linings, and floor intact
Surfaces clear of mould
Operational toilet
Sewage connection functional
Functioning bath or shower
Effective ventilation to the outside
Waste water drain connected
Working artificial lighting
Visibly safe power outlets and light switches

Living areas
Wall and ceiling linings, and floor intact
Surfaces clear of mould
Working artificial lighting:
- Living, lounge, dining
- Hallway
Stairs (switch at each end)
Other
Visibly safe power outlets and light switches
Heating, fixed, effective and safe
Opening window (each area) with secure latch
Window security stays (where required)
Curtains/drapes present

Bedrooms
Opening window, with latch
Window stays (if required)
Wall/ceiling linings intact
Surfaces clear of mould
Working artificial light
Safe power & light switches
Smoke alarm within 3 m
Curtains/drapes present

Entrance
Address clearly labelled and identifiable
Securely locking door(s)
Working light

Ceiling
Insulation to requirements (120 mm)
No gaps, tucks, or folds

No dampness in insulation
Clearance from lights, ducts and roof
Thermoplastic insulated cabling

Under floor
Insulation to requirements - Foil / Bulk
Dry underfloor
Ground vapour barrier
No ponding

General
Envelope in reasonable repair and weather tight
No cracks, holes in roof
No cracks, holes in external cladding
No cracks, holes or missing panes in windows
Spouting and stormwater functioning and not leaking
Two effective methods of egress
Structurally sound
Glass doors include visibility strips
Handrails and balustrades to code
Non-potable water labelled
Paths, decks and surfaces non-slippery/free from moss

Of the 63 checklist items on this list, only five items were concerns expressed by the Children's Commissioner. The requirements for glass doors include visibility strips, handrails and balustrades to code, with paths, decks and surfaces non-slippery/free from moss implies a push by the Accident Compensation Corporation to have property owners to take steps to protect people from their own carelessness. The pre-test was done under the guidance of Philippa Howden-Chapman of Otago University, who is the source of most research quoted by Children's Commissioner Dr Russell Wills.

Insulation requirements for both the council and central government checklists specify a thickness rather than an R-rating and do not differentiate between climate areas. The council-run trial specified 120mm ceiling batts that appear above the building code requirement. Central government discussion about requiring under-floor insulation on the basis that the cost-benefit evaluation required the presence of both ceiling and under-floor insulation does not consider the difference in heat loss through ceiling (30-35 percent) and floor (12-14 percent).

The checklist is mostly made up of items dealt with during entry and exit property inspections carried out by property owners or managers. If an item needs repair, most property owners repair it simply because a damaged item will cause more damage. If a property owner is reluctant to carry out repairs, a tenant may require them under the Residential Tenancies Act.

Warrants of fitness for state houses investigated

Budget 2013 included an announced intention to work on a rental property warrant of fitness. A request under the Official Information Act revealed a draft discussion in June 2013 that correctly notes that a WOF would have no effect on overcrowding, and also correctly notes that occupant behaviour would alter building performance. A paper dated July 26, 2013, details the remedies that already exist for building faults and the quite considerable penalties. A paper dated August 9, 2013, asserts that most health benefits come from improved insulation. Most common hazards include lack of working smoke sensor, water over 60C, inadequate lighting, and no safe storage of poisons.

A Powerpoint presentation from a Ministerial Committee on Poverty meeting on August 20, 2013, stressed that 99 percent of benefits from insulation were health-related without detailing the nature of this health benefit. An annual benefit from insulation was $818.34 for community service cardholders and $227.42 for others. The presentation included indicative minimum criteria for a checklist. It suggested wired-in smoke sensors without noting that a wire-in sensor would trigger a separate building WOF compliance regime operated by territorial authorities. It provided likely costs of improvements:

Thermostat	$60
Draught-proofing	$225
Ground barrier	$520
Clothes dryer vent	$70
R4 ceiling batts	$2080
TOTAL	$2955

The Official Information Act request turned up a paper titled “Trial of rental housing warrant of fitness options with Housing New Zealand” dated November 29, 2013, from the office of the Minister of Housing, intended to inform Cabinet that two options for a scheme for Housing New Zealand would be trialled so that the government could “lead by example”.

The two options would be: 1.A minimum pass/fail, and 2. a pass/fail plus star ratings. For both options both ceiling and under-floor insulation were required. The results of a representative sample of 500 of Housing New Zealand’s 69,000 properties would be available by July 2014.

The paper cited the Children’s Commissioner’s Advisory Group Report, dated December 2012, as saying poor quality and inadequately insulated rental housing would endanger the health of children particularly those in low income families.

The report to Cabinet noted that New Zealand has 1.7-million occupied dwellings of which 480,000 are rental properties of which 69,000 are owned or leased by Housing New Zealand. Data on the condition of our housing is limited but a 2010 BRANZ house condition assessment inferred 200,000 rental properties were in poor condition. Issues include lack of ventilation and insulation, poor condition of external cladding, internal linings, plumbing and wiring issues. It

estimated 75 percent of rental housing had mould as did half of owner-occupied housing. Injuries in and around the home cost $500-million annually, with slips, trips, and falls making up 45 percent of home injuries.

The report said studies blame exposure to inadequately warmed and damp homes as having adverse health consequences for occupants, especially children and the elderly, during winter, with asthma, flu, bronchitis, cardio-vascular disease, infectious diseases like gastro-enteritis and meningitis affected by cold, damp homes. Damp and cold contribute to overcrowded sleeping arrangements that increase the risk of rheumatic fever. In 2012 the government had set a five-year target of reducing hospitalizations for acute rheumatic fever by two thirds to 1.4 cases per 100,000 people by June 2017.

The report to Cabinet said that insulation could allow households to heat their homes to healthy temperatures. It repeated the assertion that insulation retrofits shows a net public benefit of $1.375-billion health sector savings or at least $4 for every $1 spent without detailing the nature of the claimed health benefit. The report noted that there had been a limited uptake of insulation retrofit funding by landlords without trying to fathom why landlords had limited involvement in the scheme.

The report to Cabinet noted that a warrant of fitness is designed on principles of practicality, cost-effectiveness, reasonability, evidence-based, transparency, and with a view to the impact on the housing market.

Option 1. Minimum pass/fail

a. Ceiling and under-floor insulation is required because each provide approximately the same level of health benefits for similar costs. Where roof design makes it impractical to install insulation an appropriate heat source for the climate is required. Otherwise no heating is required.
b. Areas out of scope of the WOF include replacing light bulbs and smoke alarm batteries, outdoor spaces, occupant behaviour such as dampness from not opening windows.
c. Improved insulation and ventilation may avoid people crowding into one room to reduce heating costs.

Option 2. Minimum pass/fail plus star ratings.
A star rating is to provide incentives for landlords to improve property quality beyond the minimum, as well as provide a reporting framework for HNZ to improve their stock beyond the minimum.

Reasons for trialling the WOF with Housing New Zealand were to “lead by example”, to provide simpler information on the quality of Housing New Zealand stock, and to test the practicality of proposed options. A technical advisory group was to be convened to advise on different types of insulation and to monitor implementation.

The report to Cabinet noted that no regulatory change is required to assess Housing New Zealand properties. Housing New Zealand would incorporate it into its asset management programme. From July 2015, HNZ will assess all properties using the WOF criteria over a three-year cycle. Housing New Zealand would be responsible for applying the WOF to the 1500 properties leased to HNZ. New leases would be subject to meeting WOF requirements. If a Housing New Zealand property fails to meet the minimum standard, Housing New Zealand would determine the best management intervention. A desk-top analysis of a sample of Housing New Zealand properties reveals that most would be expected to receive two stars. The cost is likely to be less than $500,000 to HNZ.

Initial findings of the trial were to be reported to Cabinet in July-August of 2014. No example of a WOF checklist was provided.

The Labour Party's Healthy Homes Bill is a worse option

Opposition proposals are worse. Labour MP Phil Twyford's Healthy Homes Guarantee Bill would immediately impose stringent requirements upon rental properties without defining those requirements. Twyford is seeking support for a bill that would:

1. Require the Energy Efficiency and Conservation Authority to set minimum standards for heating and insulation in rental properties by April 1, 2014.
2. Amend the Residential Tenancies Act 1986 to require all landlords to meet the standards.
3. Apply to all tenancy agreements made after the standards are published.

No statement has been made to describe what the standards are that would apply to 480,000 rental properties, and there are no such standards on the EECA website.

The bill that would amend both the Residential Tenancies Act and the Energy Efficiency and Conservation Act 2000 would require the Energy Efficiency and Conservation Authority to set the standards and landlords to meet the standards.

Landlords would have no way of knowing likely costs of upgrading heating, insulation, whether ventilations systems would be required, whether hot water cylinders would comply, and so on. Tenants would worry about rent rises to pay for the possible mandatory upgrades.

Legislation based on a yet-to-be designed set of mandatory standards is faulty in the extreme because there is no way to have meaningful debate on a bill, should it be brought before Parliament, that has no contents other than a date when some undefined arbitrary standards will be imposed.

Conclusion

The evidence shows that overcrowding, the use of portable gas heaters, and lack of ventilation can mean poor health outcomes. Houses don't make people sick. It's the way people live in houses that makes them sick. Since occupant behaviour is outside the scope of a rental property warrant of fitness, a warrant of fitness regime would have no impact on the problems that child poverty activists are trying to solve.

Complaints about cold homes are linked to occupant unwillingness to use electrical heating because of the cost of electricity. The use of portable gas heaters in 30 percent of New Zealand households, even though they are more expensive to run, is linked to fear of being faced with a high electricity bill at the end of the month. A warrant of fitness is not going to solve the rising cost of electricity.

The rental property sector is a $6-billion industry and comprises three percent of GDP, which means imposing a warrant of fitness regime would have a substantial impact. With insulation and other upgrades of around $12,600 per property, a warrant of fitness scheme would cost Housing New Zealand around $870-million to achieve a debatable benefit over 30 years.

Imposing a warrant of fitness scheme on the private sector could be expected to result in rent increases of $20 to $30 a week – as well as contributing to a potential shortage of rental housing, as some housing providers are forced out of the rental accommodation market, permanently removing their properties from the rental pool.

With insufficient evidence, Cabinet must rule out warrants of fitness on rental property, both government and private. Higher rents and the availability of fewer dwellings to rent mean a warrant of fitness would worsen two problems that child poverty advocates are trying to eliminate.