

Nick Smith announces all rental properties that can be insulated have to be insulated by July 2019; smoke alarms compulsory from July 2016; Govt decides against WOF; will beef up enforcement instead

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By **Bernard Hickey**

Building and Housing Minister Nick Smith has announced the Government has decided against imposing an annual Warrant of Fitness inspection for rental properties that would have cost \$100 million a year or \$225 per property.

Instead, the Government will change tenancy laws to make sure rental properties that can be insulated must be insulated by July 1, 2019, although around 100,000 homes will be exempted because there is not enough under-floor or ceiling space to insulate them.

Smith said the insulation retrofitting of an estimated 180,000 rental properties was expected to cost landlords \$600 million, while the requirements for smoke alarms was expected to cost them \$7 million. Officials estimated these extra costs were expected to increase rents by around \$3.20 per week.

The laws would also be changed to make it easier for the Government to prosecute landlords who flout the laws and all rental properties would be required to have smoke alarms from July 1, 2016, he said. Laws would also be changed to allow landlords to more quickly re-tenant properties that had been abandoned.

"This pragmatic package of tenancy law changes will make homes warmer, drier and safer for hundreds of thousands of New Zealand families without imposing excessive bureaucracy or cost," Smith said.

"The new law will require retrofitting of ceiling and underfloor insulation in rental homes over the next four years. The requirement applies from 1 July 2016 for social housing that is heavily subsidised by Government, and from 1 July 2019 for other rental housing, including boarding houses. There will be exemptions, such as where it is physically impractical to retrofit insulation due to limited space underfloor or inaccessible raked ceilings," he said.

"There will also be a new requirement from 1 July 2016 for all landlords to state in tenancy agreements the level of ceiling, underfloor and wall insulation to help better inform tenants."

Regulations would make landlords responsible for ensuring an operational smoke alarm was in place, and tenants would be responsible for replacing batteries or notifying landlords of defects. Long life (10-year) photoelectric alarms would be required where there was no existing alarm or when replacing an existing alarm.

New powers for MBIE

"The Ministry of Business, Innovation and Employment will have new powers to investigate and prosecute landlords for breaking tenancy laws as part of these reforms, particularly where there is risk to the health and

safety of tenants. The changes will also ensure tenants can take concerns to the Tenancy Tribunal without fear of being evicted for doing so," Smith said.

He told a news conference there had been just two prosecutions of landlords since 1986 under the current law, which required tenants to give evidence and for landlords to allow authorities onto their properties to give evidence.

"There will be a new 10-day process introduced to enable re-tenancy of properties where a tenant abandons a property with no intention of returning. The current process can take up to six weeks leaving a house empty and the landlord out of pocket," he said.

'Rental WOF too costly'

Smith said the package announced was more pragmatic and less costly than a rental Warrant of Fitness scheme, which has been called for by the Opposition and was trialled by Housing NZ Corp.

"Such a scheme would cost \$100 million per year, or \$225 per house for inspections alone, and these costs would be passed on to tenants in rents. This is money we believe is better spent on real improvements like insulation and smoke alarms," Smith said.

"Significant issues like leaky roofs, insecure doors, excessive dampness and unsafe wiring are already covered by existing regulations, and the better response is tougher enforcement. Other issues like window stays, glass visibility safety strips and hot water temperature are best improved by education."

Smith said the benefits of insulation was \$2.10 for every \$1 spent, while the benefits of smoke alarms was \$15.10 for every \$1 of cost."These reforms will require 180,000 homes to be insulated and the 120,000 homes currently without smoke alarms to have them installed. The health benefits of this will be reduced hospitalisations from circulatory and respiratory illnesses, reduced pharmaceutical costs, and fewer days off work and school. The smoke alarms are expected to save three lives per year," Smith says.

A Residential Tenancies Amendment Bill would be introduced to Parliament by October.

Political reaction

Labour Housing Spokesman Phil Twyford said the insulation and smoke alarm standards were a step in the right direction, but the Government could do more.

"Insulating a cold house without requiring modern efficient heating will still leave tenants at risk of respiratory diseases," Twyford said.

"Sadly this is the kind of grudging half-measure that's become the trade mark of National's housing policy, where initiatives are only announced when they are forced by public opinion. New Zealanders want the Government to ensure all rental properties are warm and dry," he said.

"It's the right thing to do and it's an economic no-brainer given that for every \$1 spent on retrofitting the country saves \$5 on public health expenditure. More than half of all New Zealanders are renters. It is past time the Government made serious reforms to make rentals warm and dry, and encouraged more security of tenure and longer-term leases."

Green Co-Leader Metiria Turei said the Government should re-commit to its agreement with the Green Party over the Warm Up New Zealand programme of subsidising insulation.

"While minimum standards for insulation and smoke alarms in rentals are just two small steps the Government should be taking to keep tenants healthy and safe, we think this is a good opportunity to resurrect the Warm Up New Zealand scheme, which National abandoned in 2013," Turei said.

"Warm Up New Zealand is a proven campaign that showed real results – it insulated 235,000 Kiwi homes and created a boon for the insulation industry, before National decided to drastically scale it back," she said.

"Insulation and working smoke alarms are not in themselves going to fix the appalling state of rental stock in this country, or prevent New Zealanders from getting sick from their cold, damp homes this winter. To do that, the Government would need to introduce a wide-ranging housing warrant of fitness with enforceable minimum standards across the board."