



# OUT IN THE COLD

A SURVEY OF LOW INCOME PRIVATE  
RENTAL HOUSING IN DUNEDIN 2013



*Presbyterian  
Support  
Otago*



## ACKNOWLEDGEMENTS

Presbyterian Support Otago gratefully acknowledges the contribution many people have made to this booklet:

The 60 client and other households who allowed us to visit their rented homes and conduct the survey, and who gave their permission for the results to be published in this way. Unfortunately many have moved since the survey was completed and are no longer able to be contacted in any other way than by this public thanks.

Dunedin City Council Events and Community Life staff. Kate Milton and Bill Sharpe of Housing New Zealand for information and advice. Ferdi Koen and Steve Catty of Pact Otago.

Professor Bob Lloyd, University of Otago. Dr Janet Stephenson, Centre for Sustainability, University of Otago. Rebecca Williams, Paul Barber, Keith Preston and Scott Figenshow for their comments and suggestions.

Fatima McKague for work on thermal comfort. Nicola Liebergreen for work on the value section and Appendix. Lynley Povey for consulting on statistics. Nicola Liebergreen, Amelia Rivers, Jill Rutherford and Carolyn Sullivan for conducting the survey visits.

Sharl Liebergreen for data base design.

Staff of Presbyterian Support Otago, Gillian Bremner, Lisa Wells, and Melanie McNatty, for comments and suggestions; Su Anderson for editing and local photography.

T&D Marketing for the publication's design and Otago Daily Times Print for its printing.



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**A SURVEY OF LOW INCOME PRIVATE  
RENTAL HOUSING IN DUNEDIN 2013**

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**Published by**

Presbyterian Support Otago

PO Box 374

Dunedin 9054

Aotearoa New Zealand

[www.psotago.org.nz](http://www.psotago.org.nz)

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ISBN - 978-0-473-28941-6



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# OUT IN THE COLD

## FOREWORD

As I drive to work each day I see new subdivisions being developed in Mosgiel as a stark contrast to many Dunedin suburbs with old housing stock that show little signs of development and in some instances signs of serious neglect and decay.

In the ten years since our last focus on housing, changes for the better have included a greater emphasis on insulation and a growing acceptance of some form of warrant of fitness for rental housing. We advocated for these ten years ago and are still hopeful.

But what has changed for low income tenants? Many still pay significantly more than 30% of their income on rent for housing that is neither well insulated nor maintained.

Dunedin is a great place to live but the dominant factors of older housing stock, minimal population growth and government priorities for housing focussed on Auckland and Christchurch leave

Dunedin and some of its residents quite literally out in the cold.

If anything is to change for the better, Dunedin needs to carve out its own solutions while continuing to challenge government policy decisions that favour other centres to the long term cost to Dunedin.

We are pleased to offer this glimpse of the places, the people and the policies that make housing a major social issue in Dunedin in 2014 in the hope that it sparks debate and actions that address the issues.

Gillian Bremner

Chief Executive  
Presbyterian Support Otago  
July 2014



## SUMMARY AND SUGGESTIONS

### WE BELIEVE

- Housing is a fundamental human need and right
- Civilised societies must make provision for people who are prevented from accessing safe, durable and affordable housing
- Social stability, inclusion and participation are increased when all have access to reasonable quality housing within their means.

### WE HAVE DISCOVERED

- 23% (36% 2004) of low income housing in our survey passed Presbyterian Support's Dunedin Reasonable Rental Standard
- Older properties (built before 1940) scored worse than newer properties and lower than our 2004 sample. They are the most expensive to maintain or renovate
- Low income families value choice in where they live as much as anyone else
- All in this survey were in properties charging less than the average for the size of house
- Accommodation supplements have been revised with the Working for Families package but have not kept pace with the rise in rents in Dunedin over 10 years
- Most tenants claim they can afford to heat only minimal living space in their homes to a safe level
- Bond payments seem to have risen particularly for multiple occupancy houses
- We found better clarity amongst tenants about their rights and responsibilities.

### WE SUPPORT

- Initiatives for improved rental standards that begin with encouragement, better market levers and voluntary standards
- Exploration and consultation around initiatives for a Warrant of Fitness or Healthy Homes guarantee for rental housing provided they set a reasonable standard and have no added costs to tenants beyond what could be expected of better quality properties
- The proposal for a Healthy Homes guarantee for rental housing.

- Initiatives by governments to grow the not for profit community housing sector
- Initiatives to subsidise income-related rents in the same way Housing New Zealand rents have been subsidised
- Proposed stock transfers of HNZ properties to the community housing sector, provided they are not sold or leased to overseas agencies and provided this is not a mechanism for dumping unsuitable houses
- Government initiatives and preoccupations with housing crises in Auckland and Christchurch.

### We would like to see

- 1 **Central government make a commitment within three years to reinstating capital funding support for social housing development in regions outside Christchurch and Auckland**
- 2 **Dunedin City Council initiate collaboration amongst those willing to consider a pilot area of housing redevelopment where housing is sub-standard**
- 3 **Better research into how much of Dunedin is currently sub-standard in its housing insulation**
- 4 **Further discussion amongst Dunedin social housing providers on the question of amalgamation of their stocks and management capabilities as proposed by The Property Group**
- 5 **Energy Efficiency and Conservation Authority (EECA) modify its standard package for southern regions and governments give higher priority to funding insulation as affecting public well-being**
- 6 **Government consider the issues of housing the less well off senior population including regions where the projected proportion of elderly is greatest.**



## THE STUDY 2013–14 INTRODUCTION

In our 2004 publication “Old, Cold and Costly” we advocated for the introduction of a Rental Housing Warrant of Fitness. The survey of 105 lower income client rental houses found they were of poor quality and only 36% passed our Reasonable Rental Standard. Some were very poor indeed. Since then, the quality, availability and affordability of housing in New Zealand has become a major political and economic issue. Has this helped to raise the quality of low income rentals in Dunedin? Our 2013 survey suggests not. Does Dunedin figure at all in larger policy considerations? Current housing policies are directed towards meeting burgeoning demand in the northern North Island and earthquake recovery in Christchurch; necessarily so. Improving the quality of Dunedin’s older housing or making provision for an ageing population are not present Government priorities. Is Dunedin to be left out in the cold?

Will Warrants of Fitness for rental housing make a difference? People choosing to rent have a very limited opportunity to inspect the property and make a decision. Properties, like other major consumer items, should be ‘fit for purpose’. Our approach is to ask what would a reasonable person expect to pay for a safe, sound and suitable rental property? We favour a mandatory warrant for rental housing and a realistic approach to pass/fail. A ‘warrant of fitness’ assessment tool has recently been trialled in different parts of the country and the results are now being assessed by stakeholders. We await developments in this area with considerable interest. The critical questions will revolve around issues such as these:

- Will a scheme be voluntary or mandatory?
- What constitutes pass and fail?
- Who will administer and pay for a scheme?
- Will better quality housing mean costs are passed on to tenants who will still be looking for the cheapest options?

The same questions were raised in 2004. We hope the will is now present for local and central government authorities to push on past these hurdles. Our 2013 survey shows the need is as great now as it was in 2004. The houses are 10 years older.

In 2004 housing insulation was regarded as a low priority item for old rental properties and many home owners laboured under the false impression that slender fibreglass or foil insulation installed in the 1970s or 80s was adequate. Research published by the University of Otago claims that it was barely adequate for Otago conditions when installed and degrades over time.

The work of the Otago University researchers at the Medical School based in Wellington has shown up the inadequacy of past home heating approaches and insulation. The impact of cold homes on health has been well documented. In response governments have introduced a number of confusing clean air and insulation subsidy schemes with increased momentum over the past 5–6 years. Dunedin was scolded by the Energy Efficiency and Conservation Authority in 2006 for being slow to take up subsidies. In fact the city and regional councils had been involved from the beginning. In 2014 various Otago parties partner EECA in offering free insulation to targeted groups. Local bodies have overcome the objection

### The results of a ‘warrant of fitness’ field trial of 140 rental properties have been released.

Mayor of Dunedin Dave Cull says, “This collaborative programme has given us a lot of useful information about the assessment tool and what to do next. The trial has made it clear that a rental housing WOF system would be very useful, helping prospective tenants to make a call on whether a house is safe, healthy and energy efficient, making it warmer and more comfortable to live in. Hopefully, this would mean tenants would stay in their rental home for longer, which is good for both landlords and tenants.

“We are also grateful for the co-operation of the landlords and tenants who took part in this worthwhile project.”

The trial aimed to test whether draft WOF checklists and methodologies were practical for landlords, assessors and tenants. Home assessment experts visited more than 140 rental properties in Auckland, Tauranga, Wellington, Christchurch and Dunedin earlier this year. The trial involved councils, the Accident Compensation Corporation (ACC), New Zealand Green Building Council and the University of Otago, Wellington.

The trial tested a range of criteria that could potentially be included in a housing WOF. The checklist looked at 31 items from weather-tightness and insulation to ventilation, lighting, heating, condition of appliances and general building safety. Both detached houses and apartments were included, construction ages ranged from 1880s to less than 10 years old. The average time taken to inspect each property was 51 minutes.

### Some key findings:

- Around 94% of the homes inspected in the field trial did not pass at least one checklist criteria, but the majority of houses ‘failed’ on only a handful of checklist items
- 36% of the homes would pass all of the draft WOF criteria with relatively minor fixes (around \$50–\$150 worth of materials/hardware)
- 40% of houses did not pass the water temperature check
- 30% of bedrooms did not have a working smoke alarm within 3 metres of the bedroom.

The partners in the project aim to finalise checklists and methodologies, investigate steps for introducing a voluntary WOF scheme and continue discussions with central government on one WOF tool for New Zealand.

## The Out In the Cold Project Team

**Dennis Povey MA – Co-ordinator and writer** – previously wrote “How Much is Enough”, “Old Cold and Costly”<sup>1</sup>, “With My Boots on” and collaborated in the research for “Voices of Poverty”.

**Nicola Liebergreen BA – currently studying for MA at Otago University** – previously Research Assistant CHIP Study, POI.nz Study; currently Research Assistant, Kahungunu Infant Safe Sleep (KISS) Women’s and Children’s Health, Paediatrics & Child Health, Dunedin School of Medicine, Health Sciences

**Fatima McKague – a PhD Candidate at the University of Otago** – holds a MASC in Industrial and Organizational Psychology from the University of Waterloo, Canada, and a BSc in Psychology and Human Resource Management from the University of Waikato, New Zealand. Fatima volunteered to assist Presbyterian Support with energy aspects of this project.

**Amelia Rivers and Carolyn Sullivan** – social work students on placement from the University of Otago.

**Lisa Wells BA** – former Development Director Presbyterian Support Otago; writer of “Voices of Poverty”.

**Jill Rutherford** – conducted some surveys.

<sup>1</sup> Povey – Harris “Old Cold and Costly” a survey of low income rental housing in Dunedin 2004 published by Presbyterian Support Otago. [www.psootago.org.nz/resources](http://www.psootago.org.nz/resources)

that subsidising landlords to insulate their properties is not a ‘public good’. Insulation companies have also become proactive in selling and subsidising their products to home owners (including landlords) in Otago.

Just when a consensus has been reached that a warmer Dunedin with ‘cosy homes’ needs to be both a perception and a reality, changing government priorities mean more restricted access to subsidies. Unfortunately this creates more uncertainty and confusion about access to subsidised insulation. That too is an ongoing saga.

It seems timely to take another snapshot of the low income rental housing market in Dunedin. How good is it? How bad is it? Should a warrant scheme proceed, it could be of value in future to have a baseline with which to compare the warrant’s effect. Our Family Works’ clients are still largely confined to this sector. Rent is their major cost and we have ongoing concerns around the quality of low income rental accommodation in Dunedin.

### The report is in three sections

**Part One** looks at changes made in the home quality environment since 2004. Developments in warrants of fitness and home insulation schemes in Otago will be discussed and assessed. Many changes in government policies have and will impact on Dunedin.

**Part Two** reports on the findings of the 2013 surveys. We first sought out the homes featured in the 2004 study and invited them to be part of this update. The findings begin by comparing the results of the 2013 and 2004 surveys for the properties that were in both. We then sought out current clients from Family Works paying more than 30% of their income for rental housing. With their consent we surveyed their homes. The findings also compare the results of all the properties in the 2013 survey with the results of all the properties inspected in 2004.

**Part Three** draws some conclusions both from the survey and an assessment of policy changes over the past 10 years. How long is Dunedin to be faced with a low priority for the development of suitable social and community housing? How should we as citizens respond? Whats to be done about our unsuitable old housing stock?





## CHAPTER ONE

### WHAT'S CHANGED FOR THE BETTER IN THE LAST 10 YEARS?

#### Home Insulation

A 2008 report on home insulation in New Zealand states the position very well:

*Most of the early insulation, and some that has been more recently installed, is now inadequate due to the thinness of the initial installation, settling and deterioration over time. The BRANZ 2005 House Condition Survey (Clark et al, 2005) found that 60% of houses had ceiling insulation with a thickness of less than 75mm across the entire roof-space (75mm roughly equating to the 1978 Standard of R1.9, and being substantially less than current standards). Eighteen percent of houses surveyed had either no insulation at all, or installed in less than 50% of the roof area. If these percentages applied across all the housing stock then over 250,000 houses in New Zealand have no ceiling insulation at all or insulation in less than half of the available ceiling space, and over 900,000 have inadequate thickness.<sup>2</sup>*

When it comes to insulating older homes various schemes with differing criteria and levels of subsidy have evolved since 1995. All of them have depended for their success on some form of co-funding. One of the early disincentives was the requirement that ceilings and under floor be insulated by a qualified insulation provider with the home owner paying one third of the cost. Many home owners worked out they could insulate their ceilings themselves for less than the one third cost under the EECA<sup>3</sup> scheme. The result in minimum quality insulation poorly installed has not been quantified, but many home owners taking advantage of current schemes have found their previous insulation inadequate.

In 2004, EECA launched the Energywise Home Grants Programme to provide insulation retrofits to low-income owners of homes built before 1978. The Energywise Programme had a modest target of retrofitting insulation to 6000 homes. The criteria for obtaining this subsidy again depended on attracting some form of co-funding and Dunedin may have been slow to find ways of fully implementing this strategy. In late 2007 a review of the scheme identified the high levels of local co-funding required by EECA as a major factor in slow implementation.

In 2006 the government progressively introduced a new standard for home insulation for all new homes. For Dunedin this increased the minimum ceiling insulation by 74%. Double glazing is not mandatory except where new homes have large window areas (over 30% of wall area in colder areas). Most new houses are being built with double glazing. Retrofitting windows in existing houses has become big business.

A 2009 report by Professor Bob Lloyd and Maria Callau<sup>4</sup> found the standard EECA insulation upgrade package for the cooler parts of the South Island cannot produce indoor temperatures that would be considered healthy by World Health Organisation standards. The standard package offered by EECA (with floor and ceiling insulation) was found to be sufficient in the North Island.

<sup>2</sup> McChesney I., Cox-Smith I., Amitrano L. March 2008. Thermal insulation in New Zealand homes: A Status Report for Beacon Pathway Limited

<sup>3</sup> EECA Energy Efficiency and Conservation Authority

<sup>4</sup> Authors' personal copy Lloyd C.R., Callau M.F., et al. The efficacy of an energy efficient upgrade program in New Zealand; Energy Studies Group, Physics Department, University of Otago, Dunedin, New Zealand 2012; [www.elsevier.com/locate/enbuild](http://www.elsevier.com/locate/enbuild)

#### Govt has 'abandoned' home insulation scheme – Labour says

The Government is winding down its home insulation programme as part of Budget cuts leaving 600,000 homes across New Zealand uninsulated, including 300,000 homes of low income Kiwis, Labour says.

Labour's energy spokesman David Shearer said last week's Budget confirmed the Government had "virtually abandoned" its home insulation scheme and as a result, a fifth of the Energy Efficiency and Conservation Authority's (EECA) staff would be cut.

While \$30 million a year would still be allocated to home insulation, "this means a meagre 15,000 homes will be insulated", Mr Shearer said.

"Currently 600,000 houses remain uninsulated across New Zealand. Around 300,000 of these homes are lived in by people on low incomes." The home insulation scheme set up under an agreement with the Greens had insulated more than 230,000 homes, a fact the Government often boasted about, Mr Shearer said. "No longer. Energy Minister Simon Bridges has been a casualty of Bill English's desperation to get his budget across the line into surplus regardless of the impact." But Mr Bridges said Mr Shearer, "may have missed that we invested a further \$100 million into home insulation" over three years in last year's Budget. "What we did there was effectively we went from a general purpose scheme to a highly targeted one to people with the most needs and that's going to see an additional 46,000 homes insulated. Mr Shearer either forgot about that or has been misleading in his press release." While the Government was proud of its home insulation assistance, "I don't think it should be a general purpose scheme where anyone regardless of their income gets it". "It's high needs, high health needs and I think that's the right approach." He said job losses at EECA were an operational matter but were down partly to the fact that the organisation was moving from a large general insulation scheme to a smaller more targeted one. Mr Bridges said he had "strong interest in EECA". "I think they're a great organisation with a long future and I've personally made sure that they've got some very interesting projects on the go. I'm trying to re orient it into areas such as carbon emissions measures and how we can reduce that and also have better productivity."

– NZ Herald  
Wednesday May 21, 2014

**Has home insulation become a political football? The Green Party had a similar press release.**

## State Housing played its part. Housing New Zealand's Energy Efficiency Programme

This energy efficiency programme was completed in October 2013:

- The completion of Housing New Zealand's Energy Efficiency Retrofit Programme is a key milestone in improving our housing stock and helping improve the health of tenants
- Since 2001, more than **46,000** homes have been insulated. Now nearly all state houses are warmer, safer and drier – in line with current building standards for newly-built housing
- Around **\$76.2M** has been invested to achieve this
- Over **350** homes in Dunedin were completed in 2009–2012 (financial years).
- Over the last two years we have also installed around **220** heating devices such as heat pumps into our Dunedin homes.
- Insulated houses are easier and cheaper to heat and result in fewer visits to the doctor, and less need to take time off work or school
- The more vulnerable members of our community, such as the elderly, people with chronic health issues, and those on a low income, benefit from the healthier environment created by warmer drier houses
- The aim of the programme, which began in 2001, is to insulate all state properties where practical, through the installation of:
  - ceiling and under-floor insulation
  - hot water cylinder wraps
  - pipe lagging and stays for windows to ensure properties are adequately ventilated.

The programme includes all properties owned by Housing New Zealand that were built before 2000.

Insulation contractors also check the property for any leaks and damages and from a general health and safety point of view.

However, in the cooler southern parts of the South Island, additional upgrades of insulating the walls, providing good quality curtains and bulk insulation under the floor were necessary to achieve desirable effects.

In 2009 the New Zealand Government allocated an extra \$247.7 million to EECA for home insulation grants. The programme was named **Warm up New Zealand: Heat Smart** and offered two categories of grant; General Income available to all and Low Income available to Community Services Card holders. EECA had identified 65,000 low income homes as still requiring insulation. The programme at its conclusion in June 2014 had insulated 256,540 homes. Cost benefit analyses showed a benefit to cost ratio of 4:1. 99% of these benefits were health benefits. Energy benefits were greatest in cooler regions.

### **EECA reports 12,557 Otago homes have benefited from these programmes as at May 2014.**

In September 2013 the Government launched a new EECA programme **Warm Up NZ: Healthy Homes**, with funding of \$100 million over three years, aimed at insulating a further 46,000 homes. The programme will be targeted at households (including renters) that have a Community Services Card and high health needs. EECA will provide a 60% grant and again team up with project partners to meet the full cost.

Some consider this a better approach than previous EECA insulation schemes, criticized by analysts as being very top-down. It has been successful in engaging more community partnerships based on local priorities. However it is tightly targeted to Community Service Card holders with a child under 17 or an older person over 65 with high health needs. Other people with high health needs may possibly be able to take advantage of the scheme with a referral from a budget advice agency. In the table on page 9, EECA funding is the largest contributor of all publicly funded insulation. Other groups act as community partners. Insulation providers are known to have set up trusts to subsidise their own work.

**Despite widespread advertising we found that most tenants we interviewed are either unaware of these possibilities or believe that it somehow does not apply to them.** Even after we advised them of the Healthy Homes scheme a common response was – “We don’t fit the criteria do we?” Most did not want to pursue the issue with their landlord. We found the changing names and criteria for various initiatives unhelpful; “Cosy Homes”, “Warm up Dunedin”, “Warm Dunedin”, “Energywise: Heat Smart”, “Healthy Homes” etc. We have also found an unevenness in the interpretation of the criteria. In one suburb free insulation was being installed into modern private homes where the owners held a SuperGold card without a CSC endorsement.

At the risk of oversimplification the table attempts to show the relationship between all funders to the primary funder EECA Energywise.

EECA reports (published in June 2014) include the figures reported by co-funders. The total number of homes in Otago insulated under Healthy Homes grants to June 2014 is 1057.

## Public Subsidies for Insulation and Home Heating Dunedin 2009–2014

All figures are for Dunedin city only	Low-income home owner/ Community Services Card Holder occupiers	General income	Rental	Owner occupier	Total properties (May 2014)
July 2009 – May 2014 EECA (Heat Smart: Warm Up NZ)	3469	5583	951	8101	9052
September 2013 – May 2014 (Heat Smart: Healthy Homes)	629		166		795
<b>Co funders with EECA all contributing to the total homes insulated</b>					
Otago Regional Council November 2012– June 2013	110				110
Otago Community Trust and EECA					439
Dunedin City Council (DCC) subsidies 2009 –1014.			750		750
DCC (Rates Scheme–Warm Dunedin 2012 – 2013)	123		327		450
Moray Foundation April 2012 – June 2013 (interest free loans for insulation debts)					34

### COSY HOMES WORKSHOP 2013

A widely representative workshop in September 2013 included all stakeholders committed to improving insulation in Dunedin homes.<sup>5</sup> The workshop’s aim was “Every Dunedin home warm and cosy by 2025.” A working party is continuing to develop strategies for the achievement of a warm Dunedin and the collaboration with EECA has been strengthened. However their task is a difficult one. How will they know when they have met their goal? Who is doing the research to establish more accurately the number of homes already insulated to a good standard? Is there going to be a continuing push to insulate homes that in other regards are marginally fit for occupation?

<sup>5</sup> <http://www.councilofsocalservices.org.nz/wp-content/uploads/Cosy-Homes-Workshop--Summary-Report.pdf>

## 2025 cosy home goal

By SHAWN McAVINUE

ORGANISATIONS are cosying up to make every Dunedin home warm by 2025.

The Cosy Home Symposium in September last year, attended by more than 80 stakeholders, designed a vision to have “every home in Dunedin warm and cosy by 2025”.

A governance group was established to achieve the vision and those committed so far include representatives from Otago Community Trust (OCT), Southern Public Health Organisation, Otago Regional Council (ORC), University of Otago, Ministry of Social Development, Otago Property Investors Assn, Council of Social Services, Blueskin Resilient Communities Trust, Southern District Health Board (SDHB), Presbyter-

ian Support Otago, Accident Compensation Corporation, Housing NZ, Ethical Power Consulting and the Energy Efficiency Conservation Authority (EECA), which provided \$10,000 in seed funding.

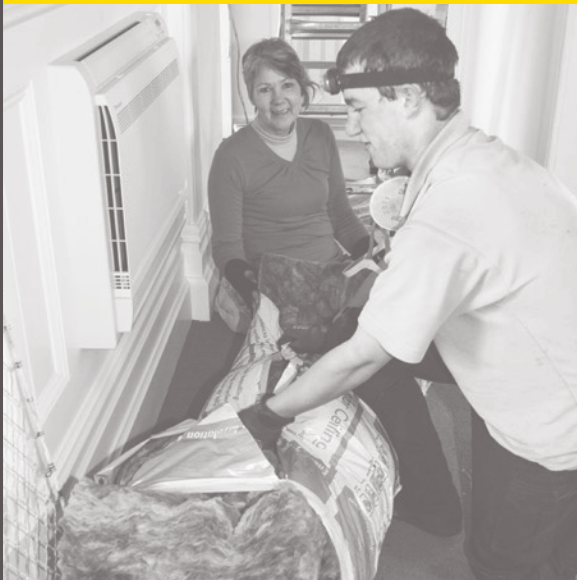
The group was supported by staff from ORC, Dunedin City Council (DCC), SDHB and OCT Anglican Family Care.

The group is seeking a formal commitment from the DCC and Mayor Dave Cull has indicated a willingness to chair the group. Cr Jinty MacTavish expressed willingness to participate.

The group, with the support of the EECA, has instigated a project offering free ceiling and under-floor insulation in houses with tenants who had high health needs and held a community services card.

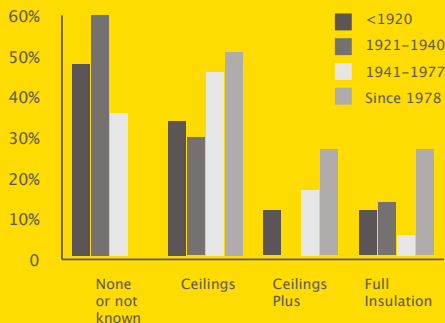
[shawn.mcavinue@odt.co.nz](mailto:shawn.mcavinue@odt.co.nz)





Insulation going in for free.

Survey Homes Insulation 2013

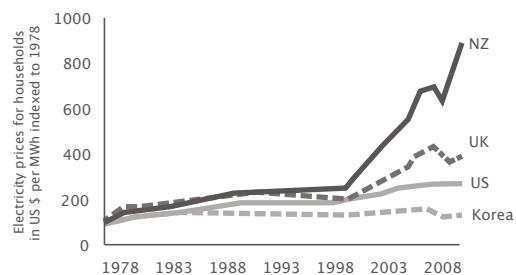


While it looks good from the outside, this rental house has major leaks inside.

The government has set much more modest targets for insulation assistance and currently funding is available only for homes falling within the Healthy Homes criteria (46,000 New Zealand wide). Given an estimated 20,000 Dunedin homes still to be insulated that target begins to look very challenging indeed. Given also that the standards are minimum for new homes there's not much room for confidence that it will achieve what is needed in Dunedin's older housing stock. We'd like to see EECA modify its package for southern regions and governments give higher priority to insulation as affecting public well-being.

Health is a major reason for better insulation but increasing costs of electricity is surely another.

Electricity price trends for households:  
New Zealand vs three developed countries, 1978-2011  
(relative change since 1978)



Source: Electricity Information 2012, International Energy Agency (derived from Table 3.7)

### The Reasonable Rental Survey 2013

Of the 60 properties in our survey only six were known to be fully insulated. Few tenants knew whether their home was insulated. We did not carry out inspections of the extent or quality of insulation but made our assessment from tenant knowledge and observation of building age and type. The number of ceilings insulated possibly errs positively on the benefit of the doubt. A number of properties had the benefit of being on the ground floor of two storey dwellings. Over all the results were poor.

**The Building Act 2004** repealed the Building Act 1991 and introduced a number of changes to the law governing building work. The Act aims to improve control of and encourage better practices in building design and construction.

The changes were introduced in stages between 2005 and 2012. Brian Easton (an economist and independent scholar) attributes the 'leaky homes saga to a light handed attitude to regulation' between 1991 and 2004.<sup>6</sup> We discovered one modern leaky home in our survey that was compelling the tenants to seek alternative accommodation. We don't hear much about how arrogantly owners of leaky homes have been treated by governments or those responsible for the regulations and their oversight.

<sup>6</sup> [www.eastonbh.ac.nz/2012/01/regulation-and-leaky-buildings](http://www.eastonbh.ac.nz/2012/01/regulation-and-leaky-buildings)

### Warrant of Fitness tool trials

We advocated a voluntary warrant of fitness scheme for rental housing in 2004. Assessment tool trial surveys were introduced and carried out throughout New Zealand in 2013–14 and have now been reported in full.<sup>7</sup> Much was made of the pass fail rate in that trial. However the tool itself is sound and if used reasonably would serve its purpose and move us forward.

It is of interest to note that Housing New Zealand is adopting its own WOF scheme and The Otago Property Management Services has adopted its own system for rating properties. It is also developing a phone app that could be consulted by prospective tenants. The Ministry of Business, Innovation and Employment has also developed an inspection tool.

The DCC Community Development team has reported to the Council on the assessment tool trial. (See sidebar)

The report to council urges continuation of the DCC involvement in the Cosy Homes project and further consultation on a 'voluntary' warrant of fitness. We applaud the landlords who welcome the move and have nothing to fear from it. They make the point well that much of the problem exists with absentee or solo landlords with insufficient capital to upgrade their properties. Few "cowboy" landlords remain in business. Rental properties still provide a good return on investment and The Property Group report to the DCC in 2011<sup>8</sup> improvement in a professional approach to housing portfolios over the past 10 years.

In our survey we saw some evidence of this in the lower rental segment but not enough to be able to say the problems have gone away altogether. Many are still living in houses with poor energy efficiency. We strongly urge the DCC to keep working on these issues so that Dunedin loses its reputation for old, cold and costly rental housing.

<sup>7</sup> Results from a Rental Housing Warrant of Fitness Pre-Test prepared by Dr Julie Bennett, Elinor Chisholm, Rachel Hansen and Professor Philippa Howden-Chapman He Kainga Oranga/Housing and Health Research Programme University of Otago, Wellington; May 2014; [www.healthyhousing.org.nz](http://www.healthyhousing.org.nz)

<sup>8</sup> The Property Group Dunedin's Social Housing Future: An Assessment of Future Social Housing Need in Dunedin City 2011–31

## Report to Community and Environment Committee DCC June 2014

The housing WOF trial provides the Council with an agreed minimum performance housing warrant of fitness tool that could become the basis of future rental housing assessments both regionally and across New Zealand. The tool could be used as the basis of either a voluntary or mandatory assessment regime.

Results from the trial suggest that there is still considerable scope in the further development, use and application of a voluntary rental housing WOF standard. Over time this proposed standard could be made mandatory – a move that many tenants and housing experts believe will ultimately be needed if all private rental properties are to perform at an appropriate level to ensure the health and safety of people living in them. Staff consider this is especially important for Dunedin's most vulnerable populations.

Regardless of whether a mandatory or voluntary scheme is eventually adopted, there are significant resourcing issues to consider if a housing WOF scheme were to be taken forward successfully. Obtaining a better understanding of these issues is the basis of the next steps. Other councils and organisations that participated in the trial have indicated a desire to continue to collaborate on advancing the development of a housing WOF scheme that is fit for purpose. The shared resourcing of this work is also proposed to continue.

The Ministry of Business Innovation and Employment (MBIE) is developing a different warrant of fitness tool for public housing.

An initial comparison of methodologies and approaches has been carried out by the trial housing WOF team and this has found more similarities than differences between the two WOFs. Throughout the development of the council's WOF trial all information pertinent to the trial was provided to MBIE.

Councils are also watching the progress of the Labour MP Phil Twyford's Healthy Homes Guarantee Bill which will require all rental housing (state, social and private sector) to meet minimum health and safety standards in regard to insulation and effective non-polluting heating.

Regardless of the outcome of either of these above complementary areas of work, all councils and organisations involved in the local government housing WOF trial believe there is ongoing value in the active testing and work being undertaken to develop a minimum performance standard that is appropriate for use in the private rental sector.

[http://www.dunedin.govt.nz/\\_\\_data/assets/pdf\\_file/0003/426792/ma\\_ce\\_r\\_HousingProj\\_2014\\_06\\_04.pdf](http://www.dunedin.govt.nz/__data/assets/pdf_file/0003/426792/ma_ce_r_HousingProj_2014_06_04.pdf)

## CHAPTER TWO PEOPLE, PLACES AND POLICIES – ALL CHANGE

*“Dunedin’s lower-income inner suburbs (Caversham, St Kilda and South Dunedin) have all experienced a rapid increase in rental housing numbers in recent years. In the case of South Dunedin, rental housing has overtaken owner-occupied housing as the predominant tenure. Mosgiel has emerged as Dunedin’s largest rental centre outside of the inner city.”*

The Property Group Report to the Dunedin City Council.

### Population Trends

In the 2013 Census, Dunedin City’s resident population totalled 120,246 living in approximately 50,000 household units. About 20% are tertiary students who have a large impact on Dunedin’s housing. The lack of regional development policies and the growth of the Auckland and Christchurch regions will contribute to a continuing decline in our share of the national population. In 2013 Dunedin was 2.8% of the national total and is expected to be only 2.5% by 2031. There will in future be a continuing reduction in the number of family households accompanied by substantial growth in older non-family households (+8,900). The ageing baby boomers will make up 20–25 % of the population.

Slow population growth over the past 50 years is reflected in the age of Dunedin’s housing stock. It remains older than most New Zealand cities. Housing numbers have grown by less than 0.5% a year in the past 20–30 years, mostly restricted to larger suburban dwellings and hostel-type accommodation. By contrast the number of one and two-bedroom housing units has declined by almost 650.<sup>9</sup> Some older properties are well built, solid homes, many others are built on steep sections, small and poorly maintained. Their owners are caught with properties too costly to renovate and past their use-by dates. Will these houses in another 10 years have developed into our slum ghettos?

Dunedin has pockets of high priced housing, generally located in select suburban areas like Maori Hill, or lifestyle areas such as Taieri and the Otago peninsula. However some of Dunedin’s oldest modest housing (built for workers) is often to be found not far from the fine old mansions. In most other suburbs, the **Dunedin average house price in May 2014 was still under \$260,000**. Affordable old homes can still be purchased in Dunedin without huge mortgages. The 2013 census reports that about 33% of Dunedin’s population live in a house not owned or held in a family trust.

We will see an ageing Dunedin with particular housing needs. Governments increasingly see these needs as being substantially met by the private retirement village sector. Legislation has made these developments more secure for investors but has also meant that smaller developments in rural areas or regional centres cannot proceed without falling within the legislation. Any Occupation Right development with more than two units has to go through an expensive process of complying with the legislation. The legislation also requires that separate sites each require separate registration as retirement villages. This limits the ways small retirement villages can restrict costs by working in tandem with larger ones.

<sup>9</sup> Povey D M. [www.psootago.org.nz/resouces](http://www.psootago.org.nz/resouces). ISBN-978: 0-473-11778-8. With My Boots On! A survey of housing quality and preferences of a selected group of older people in Dunedin,



If people can afford the ongoing weekly costs of a retirement village unit and like the security and company of life in a village, then this is a good option. At present there are a number of new developments of this type in Dunedin providing over 120 new retirement units. Will they be adequate for an increased over 65 ageing population that has not enjoyed the higher wages and retirement packages of northern cities? Will they be accessible to people who reach retirement never having owned their own homes? In 2008 Presbyterian Support made an application for capital assistance through the Social Housing Unit for 11 additional social housing units for the elderly. The project had reached scheme design stage. After an expensive unsuccessful application process and later discussions with SHU staff it became clear that application to SHU for elderly housing (and probably for any project in Dunedin) will continue to be declined "as not falling within Government priorities at present." However the Minister of Housing assured the July 2014 Community Housing Conference that his officials are working on the issue of social housing for the older generation who have never owned their own homes. We urge officials to spread the net of concern to areas where the proportions of older residents will be greatest.

#### RENTAL HOUSING

In 2006, Dunedin's rental housing market comprised approximately 13,500 dwellings. The highest concentration of rental housing is found close to the city centre, especially around Otago University, where almost 90% of all housing is rented or leased. The Property Group's report in 2012 to the DCC summarises the Dunedin rental scene (See sidebar). Our interest is primarily in the lower end. The survey findings in Chapter Three identify our client areas of concern.

### What's happened to low end housing in Dunedin since 2004? There is good news and bad news

#### The good news

##### DUNEDIN CITY COUNCIL HOUSING (954 UNITS)

The council has a policy of refurbishing existing houses wherever possible with insulation and other improvements. It will have spent \$7,250,000 by the time this project finishes next year. The Dunedin portfolio has on the whole been well maintained. Wellington city found a backlog of poor maintenance required a Government injection of \$220 million to bring them into the 21st Century. Dunedin with its well-maintained services has not attracted such generosity. It appears that if you do it badly money flows in; do it well and you're out in the cold.

On the completion of the current refurbishment programme, the council proposes to add to its portfolio at a rate of five to seven units per year.

The council recently courageously issued a risk assessment report on Dunedin suburbs.<sup>10</sup> They need to be congratulated on facing up to the realities and challenges of the impacts that climate change and other natural hazards could have in parts of Dunedin. Some remedial action is possible. There will be ongoing consultation and discussion of these complex issues. The Council commissioned a report on social housing needs in Dunedin in 2011. This was undertaken by The Property Group.

<sup>10</sup> Report Number 2014/0826  
Prepared By: Michael Goldsmith, Manager Natural Hazards, May 2014  
Subject: Natural Hazards technical reports to inform the Dunedin City District Plan

### The Night Shelter Trust A PLACE FOR DUNEDIN'S HOMELESS

It is common to hear "we have no poverty in Dunedin", "there are no homeless people", "everyone can get work if they try" and "people on benefits only have themselves to blame". Most of the time these statements are simply not true. Yes, we have poverty here. Yes, we have homeless. It is easier to lose a job than get one these days. These are the people we serve at the Dunedin Night shelter.

Those who come to the shelter usually have two things in common; they have run out of options and their needs are urgent. To meet that urgent need the trust operates the Night Shelter providing free dinner/bed/breakfast, seven nights a week from 7pm to 8 am. At all times we encourage our clients to be as self reliant as possible and the emergency accommodation is up to three nights. Since starting in 2007, we have provided in excess of 1200 bed nights of emergency accommodation. In the first year alone we provided emergency accommodation of 264 bed nights and each year until 2010 that figure has remained constant. However, since mid 2011 the demand has increased and we are presently averaging 60 bed nights a month. We predict that this year we could provide in excess of 500 bed nights.

... in many cases, three night's emergency accommodation is not enough. More time is needed for them to get back on their feet. To respond to these changing times, the trust wishes to be in a position to provide not only short term accommodation but also medium term "hand-up" accommodation for men up to three months whilst they seek more permanent accommodation.

[www.dunedinnightshelter.co.nz](http://www.dunedinnightshelter.co.nz)

### The Property Group Report Concluding remarks

"Dunedin City's social housing sector is at the beginning of a new chapter. Provision of affordable housing for families in the 1960s and 70s was well-funded, and occurred alongside a smaller-but discrete pensioner housing programme. De-institutionalisation in the 1980s and 1990s was equally well funded, and resulted in a well prepared and committed third sector that would be the envy of most other New Zealand cities. Over the next 20 years, however, Dunedin faces an uncertain future. The city is unlikely to be a priority for Crown funding, there are too many overlaps (at least in our view) and the sector's capacity to expand is in doubt. The scenarios discussed above serve to illustrate that these problems can be overcome.

They also suggest that the best results will come from the City itself taking full responsibility for its social housing sector, resolving differences and encouraging synergies at a local level in preference to being subject to central government policy imperatives."

A refurbished Pact unit in Helensburgh.



A Just Housing unit.

### **ABBNEYFIELD SUPPORTED LIVING**

In 2007 Abbeyfield opened in Dunedin as part of the international Abbeyfield Housing organisation. It houses eight elderly residents or resident couples in a modern facility in Balmacewan. An on-site housekeeper provides support. Three units are occupied under a unit title scheme but the overheads involved in registration as a Retirement Village have proved unaffordable. Five units have now converted to rental. To make this option sustainable and reduce the rent over the long term Abbeyfield needs a stronger capital base. Abbeyfield NZ is working towards consolidating ownership of all Abbeyfield developments within one structure. The concept of having the advantages of a private unit within a shared complex has some unique features. The residents enjoy this smaller type of community living.

### **THE PACT GROUP INCLUDING LADDER TRUST**

Governments have required agencies providing both social housing and services to separate the provision of accommodation from their other services. This has not applied to disability service housing. Pact group, through the Ladder Trust, now houses 161 people with mental or intellectual disabilities or in supported landlord units. In 2010 it purchased 41 units from the DCC in Helensburgh and after refurbishment and some reconfiguration now lets 21 in the mental health sector. A further 20 units are let for social housing at 70% of market rent. It has also purchased adjacent land to build further units. All occupants receive some support from Pact.

### **JUST HOUSING OTEPOTI-DUNEDIN**

This small trust assisted four families into self build home ownership before deciding to end its activities in 2004. It gifted land to Habitat for Humanity and then approached Presbyterian Support Otago offering the remaining assets.

Under the oversight of Presbyterian Support Otago a reconstituted Just Housing Trust used the asset and a DCC grant to qualify for a Housing Innovations grant and loan to build four units in Helensburgh. Since they opened in 2006 they have housed seven families. The units comprise two 2 bedroom and two 3 bedroom homes let at a social rent of 75% of market rent for the area. Since then it has sought preregistration required by the government's Social Housing Unit but was declined on the basis that its finances were not sustainable. The definition of sustainable appears to be that it can replace its housing stock in 50 years time from accumulated reserves.

Just Housing is exploring the merit of merging its interest in social housing with other social housing providers in some type of Housing Association in which it could be a small shareholder.

It appears that this government believes that there are too many small social housing providers and efficiencies and economies can be achieved in the sector with more collaboration and possibly amalgamation. This is easier said than done. It may be a good rationalisation for leaving smaller regions and providers out in the cold. Housing is a regional need and needs to be met in ways appropriate to each region.

The good news is that policy makers believe that not for profit housing providers have a good record for moving people on who no longer need their services. Disentangling the rhetoric and political overtones from changing policies certainly make small trusts vulnerable.

### The good news or not so good news?

The good news is that Housing New Zealand Corporation (HNZ) remains the largest provider of social housing: in Dunedin with 1438 units plus 18 leased houses. The corporation's housing stock has historically been substantially located in Brockville, Corstorphine and Pine Hill. Some newer houses have been built in a more pepper pot fashion on land in South Dunedin. Its older properties are being either progressively upgraded with insulation (see Chapter One) or sold off. Some houses have been sold at market rates and not replaced. They tend to have been in less popular areas or no longer fit for purpose. The proceeds are not now being re-invested in Dunedin and as far as we can discover there are no current plans to build new houses in Dunedin. Where do the proceeds go? They are considered to be a national asset and go wherever the need is considered to be greatest.

**The Social Housing Reform Bill** issued in 'a new era for social housing provision in New Zealand'. In announcing its passage the Minister for Housing Dr Nick Smith said:

*"The fundamental change in this bill is shifting from state housing to social housing. Governments for 75 years have believed that only the state can meet the housing needs of disadvantaged families. These reforms will encourage the growth of a more diverse range of new social housing providers."<sup>11</sup>*

**The new policies** include the following intentions:

- To conduct all assessment of housing need within the scope of Work and Income New Zealand assessments from April 1 2014
- To use that assessment to allocate people to any suitable and registered social housing provider including HNZ and to follow those clients with a subsidy to meet the difference between the social rent and market rent for the area
- To require all social housing providers who wish to benefit from the top up subsidy to register with SHU
- To transfer a proportion of Housing New Zealand stock to the social housing sector at 65% of market value. A new Transition Authority has been established to oversee this work
- To focus available public funds on Auckland where its growing population has created some critical housing needs and on Christchurch in the wake of earthquake damage
- To review social housing tenancies where tenants are paying market rents or close to market rents. These tenancies can be terminated. Reviewable tenancies come into effect from 1 July 2014, with a targeted roll-out covering around 800 people paying market rent or near market rent. "Through reviewable tenancies 1,000 tenants are expected to be supported into housing independence in 2015/16 and 2,000 in 2016/17."<sup>12</sup>

<sup>11</sup> Press release the Beehive November 20 2013

<sup>12</sup> Ibid.



State houses sold privately. Is this the kind of house they want to transfer to social housing providers?



Can what has been 'state housing' rightly be relabelled 'social housing' with the stroke of a pen? Social housing providers usually offer wrap around services to those who need them. The community housing label fits better for people who need affordable housing but are otherwise self sustaining. Will this change exclude such people from the government's plans for the future?

#### **THE RESIDENTIAL TENANCIES ACT 2010**

The Act differs from the proposals held over from the Labour Government in 2009. The earlier proposal removed letting agent fees, provided for professional representation of tenants at Tenancy Tribunal hearings and limited tenants' responsibilities for damage to property to four weeks rental. These provisions are removed from the Act. Property investors regard the new Act as much more 'landowner friendly' while the government maintains that it balances the rights and responsibilities of landlords and tenants.

In our experience, for all the fanfare about the review, the new legislation has caused no ripples for our clients. Indeed few of them would know there had been any change. Their concerns are usually much more immediate. There has also been surprisingly little ongoing criticism from tenants' associations or landlords of the application of the new regulations. Most Tenancy Tribunal hearings are still brought by landlords against tenants for damage.



## PART TWO

### CHAPTER THREE

#### TEN YEARS ON – HOW HAVE THE HOUSES SURVEYED IN 2004 FARED?

##### Updating the 2004 Survey

The 2004 study inspected 105 houses. All occupiers were contacted by mail in 2013 and invited to be part of the current study. Twenty five agreed and received a full inspection. The intention was to explore changes in quality on these properties between 2004 and 2013. The comparison with the earlier results begins on page 18.

A further 26 of the 2004 sample were visited and we report on them as follows:

##### Owner Occupied in 2013

Sixteen (15% of the sample) were established as owner occupied. These properties were not inspected in 2013 because they are no longer in the private rental sector or their status has been modified in a way as to make a current inspection inappropriate for purposes of comparison. A 15% movement out of the private rental sector over 10 years indicates a significant degree of fluidity of properties in and out of private occupation. In light of this it can be argued that any public investment on rental housing insulation can be said to benefit the whole housing sector in Dunedin.

##### Redeveloped or modified

- A physical inspection from the street showed three properties with considerable recent renovation and improvement. It is not known whether they remain in the rental housing sector but it would appear that they have moved out of the lower rent category
- A further two properties have been converted from one large house into separate flats, or have been remodelled as one house from two flats.

##### Vacant

- Five properties were vacant. In one property, renovation work was in progress prior to re-letting
- Two properties appeared to have been vacant a long time.

##### MODIFICATIONS TO THE SURVEY QUESTIONNAIRE

The Reasonable Rental Survey Standard developed by Presbyterian Support Otago in 2004 has been only slightly modified for the 2013 report. The current study places more emphasis on the type of heating and the degrees of insulation observable or known without ceiling inspections. For detail of the elements of the 2004 survey see Chapter Two of "Old Cold and Costly 2004". A day-time/night-time temperature study could not be included in the current survey because of the unavailability of heat sensors.

The house on the left was the worst property in the 2004 survey. The repairs to the gable end have fixed water flowing down the inside walls, but the occupants still regard the house as one of Dunedin's many "past use by date".

#### NEW QUESTIONS ABOUT HEATING AND POWER

##### 19) What type/s of heating energy do you use?

Heat pump	Coal
Unflued gas	Other electric
Other gas	Other
Wood	

##### 20) How much of the house do you heat?

Whole house  
Living room and bedrooms  
Living room only  
Bedrooms only  
None

##### 21) How much of the house is insulated? (either tenants knowledge or survey observation)

Ceiling all	None
Ceiling part	Don't know
Under floor	

##### 22) Would you consider this house /flat to be

Comfortably warm	Uncomfortably cold
Adequately warm	
Not warm enough	

##### 23) What do you think is the main reason for this?

Heater or heaters not working properly	Natural sun light
High use of fuel	Other
Cost of fuel	
Good insulation	
Poor insulation	

##### 23a) On average how many hours a day would you heat your home?

Under 5 = 1: 5-10 = 2: 10+ = 3

##### 23b) Have there been any improvements made to the insulation or heating of this home in your tenancy?

##### 23c) Are you aware of any schemes to assist landlords with the costs of insulation and improved heating? Have you discussed this with them at all?

##### 23d) Would you like to receive information on any energy awareness workshops or insulation schemes?

Length of stay	2013	2004
Less than 6 months	23%	37%
Between 6 months and 1 year	18%	20%
Between 1 and 2 years	22%	16%
Between 2 and 3 years	15%	5%
More than 3 years	13%	20%
More than 15 years	5%	1%
Other (rounding)	4%	1%

Survey Results, Comparisons 2013–2004.

Safety	2013	2004
80% pass	52%	48%
Ave improvement	22%	
Median improve	21%	
Ave decline	-18%	
Median decline	-13%	
No change	8%	
Improved	44%	
Deteriorated	48%	

Survey Results, Comparisons 2013–2004.

Soundness	2013	2004
80% pass	24%	28%
Ave improvement	43%	
Median improve	28%	
Ave decline	40%	
Median decline	26%	
No change	0%	
Improved	60%	
Deteriorated	40%	

Survey Results, Comparisons 2013–2004.

## Comparing the results 2004–2013

### THE SURVEYS

#### Length of stay

Compared with all the tenants in 2004, this group of tenants have stayed longer in their properties. Short stay tenants in this group (less than 12 months) make up 41%; (57% in 2004). 18% of tenants had occupied their home for over three years compared with 21% in 2004. 5% of tenants had been in their homes longer than 15 years compared with 1% in 2004. Do these results indicate a more stable rental environment than in 2004? If so a number of factors could be in play. Sales of properties have declined since 2004; some over-supply and relative stability in rents could also be a factor. There is no noticeable difference in quality between the houses occupied by short stay and longer stay tenants. All but one of the longer stay houses score well on value for money.

### SAFETY

**Standard – The property is free of hazards to all who will use it.**

- The site and dwelling is accessible for mobile people of all ages
- The site and dwelling have no potentially dangerous hazards
- The site is free from lasting offensive odours generated on the property
- The property can be secured.

The similarity in the safety results between 2004 and 2013 is remarkable. We consider on or above 80% as a reasonable pass rate, however we were interested to see whether properties overall had shown improvement or deterioration over the period. We found that while some properties showed deterioration and some showed improvement, the quality and quantity of the improvements were greater than the deterioration. Four properties considered safe in 2004 failed in 2013, some by a wide margin. Six properties considered unsafe in 2004 were much improved and passed assessment in 2013. In summary it could be said that these properties are slightly safer than 2004. With safety such an important consideration we have no reason to be happy with the 2013 result of these homes. Things needed to improve and they haven't.

### SOUNDNESS

**Standard – The property provides complete shelter in all weather conditions.**

- The exterior is structurally sound, weather tight and vermin proof
- The dwelling shows no signs of current damp on internal surfaces from external sources
- All rooms can be adequately ventilated
- The property is kept in a reasonable state of repair and maintenance
- Living areas can be safely maintained at recommended temperature levels: not less than 18°C and not more than 26°C
- Energy efficiency is attempted through cylinder wrap and home insulation
- Thermal comfort is provided in the form of thermal drapes and carpets.



We had hoped to see real improvement in these properties on the soundness issue. Some of them were very poor in 2004 and one scores lowest again in 2013. We were sufficiently concerned for the situation of this tenant to refer them to our social work team for follow up. The tenant has since left the property. Another property that scored very poorly in 2004 has since been sold and tenanted by the new owner's family members. Much has been done to remedy the leaks and dangerous flooring found in 2004, but as the present resident stated – "It's a terminal property and I don't know what my sister will do with it eventually. The rent is cheap." Some properties were much improved and a few had seriously deteriorated. Four that failed in 2004 passed well in 2013 and four that passed in 2004 failed in 2013 two of them marginally. The fact that we were scoring more carefully and in more detail on the questions around insulation does not seem to have made a significant difference in the overall result. A drive around Dunedin to capture photographs of the worst properties in the survey showed that the problem of unsound old wooden houses in Dunedin is much wider.

### SUITABILITY

**Standard – The property provides basic amenities and services for living that encourage social inclusion.**

- Each room enjoys natural and artificial lighting
- Advertised bedrooms meet minimum size requirements (9m<sup>2</sup> or room for a single bed, wardrobe and desk)
- The living space provided is adequate for the people consistent with the number of bedrooms
- The site and dwelling offer agreeable visual impact
- The dwelling includes serviceable cooking and laundry facilities
- Adequate, safe water, drainage and fully functioning power services are provided
- The dwelling includes indoor toilet and bath-room facilities
- The dwelling offers privacy and quietness.

In terms of function, ie that everything was working -- the 2013 results show a marked improvement from those of 2004. The number of properties that passed the 80% suitability rating increased. The average improvement seen was not as great as in the soundness category, but suitability began from a higher base figure.

### VALUE

**Standard – The rental cost provides value for money**

- The rent reflects the condition and facilities of the property.

To calculate the value for money scores, soundness and safety were weighted most heavily as these were deemed to have the most impact on the tenants. With this weighting applied, seven of the 25 properties revisited showed little change (<10%) from 2004 in the value standard. Sixteen properties showed a moderate change (10–35%), with seven showing an improvement and nine a drop in the value for money standard. Of the nine properties that have dropped in the value for money rating, five featured significant safety issues.

Two properties in the sample showed a significant change in value for money (>+35%); one has had considerable renovation work carried out and subsequently showed a 61% increase in value standard. A second property has clearly continued to decay and now scored 44% less on the value standard score.

Suitability	2013	2004
80% pass	80%	68%
Ave improvement	14%	
Median improve	16%	
Ave decline	-12%	
Median decline	-11%	
No change	24%	
Improved	52%	
Deteriorated	24%	

Survey Results, Comparisons 2013–2004.

Values	2013	2004
80% pass	36%	32%
Ave improvement	21%	
Median improve	15%	
Ave decline	-18%	
Median decline	-15%	
No change	16%	
Improved	44%	
Deteriorated	40%	

Survey Results, Comparisons 2013–2004.

## BRANZ House Condition Survey in New Zealand (BRANZ is an agency of the NZ Building Research Association)

"In the case of the rental properties, approximately 80% of the occupants considered the property in good condition and only 2% believed their home to be in poor condition. This is a remarkable contrast to the assessments made by the BRANZ surveyors, who considered that only 22% of rental properties were in good condition and 44% in poor condition. This suggests that renting households may be more optimistic about the condition of the home they are residing in and have lower expectations surrounding the condition of the home, particularly as in most cases the upkeep of the home is not the tenant's responsibility."

BRANZ 2010 House Condition Survey  
Condition Comparison by Tenure BRANZ Study Report  
SR 264 Pp3-4 N.R. Buckett, M.S. Jones & N.J. Marston

## Conclusions

For the limited number of properties we were able to revisit the results are predictable but very disappointing. We have alluded to the 26 properties visited in 2004 and not considered in 2013 because of change of ownership or circumstance. Some of them are much improved or demolished. Clearly neither market pressures nor public awareness have been sufficient to motivate some landlords to carry out essential repairs and maintenance. Far too many (56%) have deteriorated in at least one respect from 2004; 15% deteriorated in all aspects. They did not show up well then and show up even worse now.



## CHAPTER FOUR LOOKING AT THE SCENE IN 2013

### The complete 2013 Survey

The previous chapter compared results for a group of houses surveyed in 2004 and then again in 2013. To get a picture of how things are now, current clients of Family Works were also invited to take part in the survey. They were screened on the basis of the percentage of income they were spending on rent. Only clients paying more than 30% of their reported income were followed up. This is a standard measure of 'housing stress'.

In all, 33 additional client properties were inspected in late 2013. We were able to access two boarding house properties. Both were very old, one well maintained, the other not.

This section of the report refers to all the inspections (properties reported in 2004 and properties of current clients) as one sample, making further comparisons between the total 2013 and 2004 surveys as appropriate. The previous chapter compared results for the same properties in 2004 and 2013.

### THE TENANT INTERVIEWS

Tenants were interviewed before an inspection of the properties. The 2013 questions included more detailed enquiries about the types of heating and the costs of heating. Questions around household type, weekly income, rent, bond, maintenance, landlord responsiveness and general satisfaction levels were all part of this interview.

### Rent levels

The increases in rent for the single room and larger properties shown in the adjacent table may indicate the effects of student demand. Student lets ranged from \$75 to \$125 per room in 2013. The returns based on letting single rooms are much greater in the student market. Four or more bedroom properties are mostly in the older parts of the city. They are usually let to the student market and are snapped up year to year.

### Rent increases of properties surveyed

Surprisingly only six properties of the 60 in the full sample reported rent increases in the previous 12 months. They ranged from 2% to 11%, with an average increase of 7%. In part, this reflects that 41% of respondents had been resident for less than 12 months. There is however some evidence of a flat rental market and restraint by landlords<sup>13</sup>. All but one of the properties in the survey was within the lowest quartile of market rents.

<sup>13</sup> <http://www.crockers.co.nz/media/81380/cmr%20-%20oct%202013%20web.pdf>

Average Market rents Dunedin July-December	2013	2004	% Increase
1 room	\$200	\$121	65.29%
2 bedroom house	\$258	\$193	33.68
3 bedroom house	\$304	\$230	32.17
4 bedroom house	\$372	\$264	41.44
5+ bedroom house	\$657	\$387	69.77

Department Building and Housing market rent information.

Bedrooms	Average rent in survey 2013
1	\$130
2	\$198
3	\$240
4	\$296
5+	\$590

Survey Results 2013.

## The Law Advice to Landlords

When your tenant moves in, you can ask them for bond money up to the equivalent of 4 weeks' rent. You don't have to ask for a bond, but this money is one of the protections you are entitled to under the law. If things go wrong later – your tenant doesn't pay their rent or causes damage to your property – you can ask to keep some or all of this money to cover your costs. (If your claim is greater than the bond, a tenant may be ordered to pay the extra as well).

## Repairs undertaken by landlords during current tenancies

- Clothesline, UHF aerial
- Hot water pipe, plumbing, door fixed
- Tiles on roof repaired, repainted ceiling new heat pump
- Insulation in ceiling, floors repaired, front gable repaired
- Leaks in roof repaired, putty to fix rot in walls
- Painting, rotten wood replaced
- Carpet replaced
- Repainted exterior, paved courtyard latch on window, electrical plugs, draughts on front windows, oven door, light fitting, cylinder doors door handles, paint, repainted bathroom, new stove
- Insulation in ceiling, clothes line, curtains
- Garden maintenance
- New range Hood, washing machine
- Patched weather boards, new kitchen, fences
- Dishwasher replaced, carpet, wiring, door
- Fire damage and electrical wiring repaired, hot water fixed promptly,
- Toilet replaced twice, oven fixed, 3 elements on range
- Hot water cylinder, phone jack, leak in bedroom walls
- Window replaced, carpet replaced
- Damp spot, guttering, ex fan, oven
- Oven and hobs
- Painted bathroom, minor plumbing
- Plumbing
- Roof painted
- Guttering cleaned and fixed, silicone in wall
- Roof not repaired completely
- Lights, fuses, tap washer
- Fan in bathroom, new door handle, new handrail
- Outside lights, front gate.

## Bonds

In 2004 rental bonds payable were fairly standard at twice the weekly rent. In 2013 the average bond was 2.8 times the weekly rent. Rates varied from no bond at all to seven times the weekly rent. 50% of respondents were paying more than the average bond and 25% paid over \$1000 to get into a property. This may have been through the aggregation of single room bonds. There were one or two student lets in the survey because of client qualification. For student lets the typical bond was twice the rent per student which indicated that landlords were well covered for possible damage. This trend in higher bonds clearly makes accessing some properties much more difficult. Two thirds of properties revisited from our 2004 sample paid below the average bond. Two thirds of the new group paid over the average.

## Management

We asked questions about management and landlord responsiveness: 83% had standard written tenancy agreements; 12% reported agreements written by the landlord or property agent (which may in fact have been the standard agreement); only 5% reported verbal agreements or no agreement at all.

Eighteen properties were managed by property agents. Fifteen tenants said the property agents were responsive to reported problems and the property was managed in a highly professional way. Only three tenants reported that the agents had not visited within the past six months. Others reported delays or inaction.

## Reporting problems

Of the 41 properties managed by landlords 11 tenants said they had reported problems three or more times. Some were of fundamental significance: in either electrical safety or dampness. (See details below.)

### Repairs needed as perceived by tenants

Occurred within the last week	1
Within the last month	13
More than 1 month and less than 6 months ago	13
More than 6 months and less than 12 months ago	0
Before I/we moved in	1

## Maintenance completed during tenancy

Tenants from 38 of the properties reported that maintenance or improvements had been carried out during the tenancy. The list (see side bar) could be a warning to future owners of older housing stock. Twenty three out of the 36 properties built before 1940 had undergone maintenance or improvements. Fourteen out of the 24 properties built since 1940 were repaired in some way. While there does not appear to be much difference between these numbers at first glance, it must be noted that it was also reported that 62% of older properties still awaited repairs, while only 50% of newer dwellings required further work.



### Inspections by owners or agents in previous six months

Properties should be inspected by owners or agents on a regular basis after giving adequate notice to tenants. We found variations in this regime from neglect to one or two unannounced visits and intrusions.

### Health issues

We asked tenants whether the health of any members of the household had changed since moving to the current dwelling. Eighteen respondents reported that their health status had worsened as a result of features of their current home. Twelve of these said they were dissatisfied or very dissatisfied with the property. Only three out of this 18 considered the house able to be heated comfortably or adequately. The remainder considered it not warm enough or uncomfortably cold.

### Thermal comfort

Once again we asked tenants their views on the thermal comfort of their homes. Some who had reported that they knew the house was insulated still said “not warm enough”. Their reasons often related to the functioning of the heating appliances, the lack of sunlight and the cost of heating. There is a strong correlation with the age of the house.

### Inspections

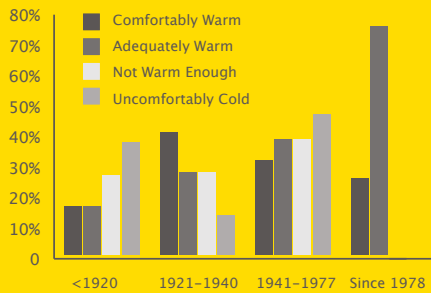
None	10
Once or twice	39
Three times	11
More than three	0

Survey Results 2013.

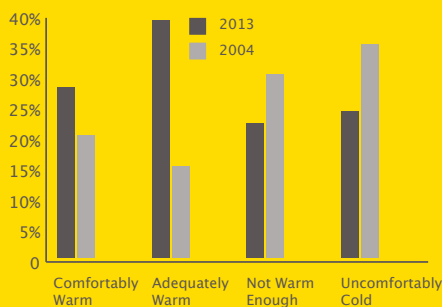
Health	Related to housing	
Better	12	11
Worse	18	17
No different	30	0

Survey Results 2013.

Tenants view of comfort levels by age of dwellings



Tenants view of thermal comfort of house



### Tenant quotes:

“The landlord has used the insulation scheme to fully insulate this house and it's much better.”

“We're really happy this with property; it's an ex state house. You can see it's been recently renovated and dogs are allowed”.

“The landlord's catching up on repairs and renovation after this property was completely trashed”.

“We've got a helpful property manager who answers our calls and fixes any faults. There are no smoke alarms provided.”

“The landlord is a good friend and while that's good in some ways it makes requesting more insulation and heating difficult.”

Tenant says “landlord a good guy” and it shows.

“Our Landlord seems to be progressively moving through repairs as they can afford them. The house is well insulated. It has a heat pump and a log burner.”

House type	Number in survey	Percent in Survey	
		2013	2004
House	47	78.3%	67%
House in flats	3	5.0%	12%
Duplex	1	1.7%	6%
Block flats	7	11.7%	15%
Other (boarding house)	2	3.3%	0%
Total	60		

Survey Results 2013.

Building Fabric	Wood	Plaster over wood	Clay brick, stone	Concrete block or concrete brick
<1920	37%	26%	21%	16%
1921-40	44%	31%	13%	13%
1941-78	48%	10%	19%	14%
1978-	75%			25%

Survey Results 2013.

Age of properties in this survey



- < 1920 32%
- 1921-1940 28%
- 1941-1977 33%
- 1978-2014 7%

Survey Results 2013.

## Survey Observations

### HOUSING TYPES 2013

Properties in our survey fell into the groups in the table on the left. Boarding house residents were not included in 2004 because we were focussing on family clients. The boarding houses we surveyed reported the expected mix of satisfied and unsatisfied residents. Only one was in a property that failed and that was up for sale at the time.

### Building fabric

There is no obvious correlation between the age of the buildings and the type of the building fabric. The largest groupings in each age band were wood or plaster over wood. They lacked insulation in the walls and in many instances had twisted window frames or other draught creating deficiencies.

### Age of properties in this survey

The properties surveyed in 2013 fell into the age bands in the same relative positions as 2004, the largest group being built between 1941 and 1977. In 2004 only 13% were built before 1920, while in the 2013 sample 32% were built before 1920. Although the two oldest age bands together make up 60% of the sample compared with 58% in 2004, we have to say this sample at least is older. The newest age band is 7% compared with 4%. In 2004 45% of Dunedin housing stock was built before 1940. The pick up in new building (particularly in the retirement village unit sector) over the past 10 years will modify that percentage downwards slightly.

The Property Group report suggests that much if not most of the newer housing stock built since 1980 is either in the student rental market, in higher priced permanent dwellings or the retirement village sector. We saw no evidence of it in the lower income rental sector.

### Location

The willingness of occupants to participate in the re-inspection of the 2004 properties determined their location. The new client properties selection process also gave us little choice. We are not able to tell how representative of the Family Works client base this sample is because it is a random voluntary group. Sun is one of the most desired elements in housing choice in Dunedin<sup>14</sup> along with proximity to schools and place of work. Price and condition seem more important than the age of properties on offer. Perhaps there's not a lot of choice in this regard. There is no doubt the gullies of Mornington contain some of the oldest and shadiest housing in Dunedin.

<sup>14</sup> Andy Christofferson; Housing Choice in Dunedin; City Planning, District Plan Monitoring Series Research Report 2007/1  
[http://www.dunedin.govt.nz/\\_data/assets/pdf\\_file/0016/25450/Housing-Choice-in-Dunedin.pdf](http://www.dunedin.govt.nz/_data/assets/pdf_file/0016/25450/Housing-Choice-in-Dunedin.pdf)

### Insulation

We scored properties on their known or observed insulation in floors, walls and ceilings, double glazing and/or curtains and carpets. The houses built before 1940 had an average insulation score only slightly lower than houses built since. The average scores of insulation observed or reported by tenants was 38%. The lowest score of 23% was reported for the houses built between 1941 and 1977. Only 44% of houses built since 1977 scored for reported or observed insulation. Very few were double glazed or insulated in the walls. A few were still lined with scrim.

### Inspecting the properties

#### SAFETY

**Standard – The site and dwelling is free of hazards to all who will use it.**

Sixty three percent of the 60 properties passed the safety standard; 37% failed which is about the same percentage as 2004 (37/105). The table shows the spread of results.

#### Accessibility

Inside and outside accessibility was good with an average score of 98% inside and 93% outside.

#### Security

We expected security of houses to be a higher priority for tenants and landlords than it proved to be. In 2004, 20% of properties scored zero for security. In 2013, 25% scored zero. In a very few instances this was a result of unreported damage caused by tenants or their visitors.

#### Fire and electrical safety

Insurance companies have become quite proactive in requiring electrical inspections of older properties in Dunedin. We hope they will become proactive in other ways as well. There was evidence of new wiring and switchboards in a number of properties. Ten properties had exposed wiring, unusable electrical outlets or showed obvious potential for electrical accidents. This represents no significant improvement since 2004. The criteria for inspection and reporting were the same as in 2004.

#### Smoke alarms

Eleven of the 60 homes did not have smoke alarms. In 2004 nearly 50% were not alarmed. We were not able to test how many were actually working, but both landlords and tenants seemed to be more conscious of their value. Insurance company requirements may have something to do with this improvement.

Nine properties presented major difficulties in exiting in the event of a fire in the kitchen or living areas. This is a reduction in the proportion of homes from 20% in 2004 to 15% in 2014.

#### Potentially dangerous hazards

Hazards were identified as aspects of the property which had the potential for causing injury. High danger/high risk hazards were defined as those that could seriously injure or kill, with a high likelihood of happening. Sixteen properties reported inside or outside safety scores of less than 50%.

The table shows what our 2013 research team regarded as high danger–high risk hazards. Some of these outdoor dangers were particularly dangerous to visiting children.



Safety score	Percent of sample
Pass – Over 80%	63%
Less than 80%	37%
Less than 60%	10%
Less than 50%	3%

Survey Results 2013.

Safety hazards	2013	2004
Up to 3 minor indoor hazards	27%	16%
Up to 3 minor outdoor hazards	27%	11%
1 or more indoor high danger/risk hazard	12%	12%
1 or more outdoor high danger/risk hazard	8%	4%

Survey Results 2013.

State of repair scores				
Possible score	Internal state of repair		External state of repair	
	2013	2004	2013	2004
0	15	17	8	11
5	37	28	43	29
10	48	55	48	60

Survey Results 2013.

Foundation assessment	2013	2004
Sound	78%	80%
Some signs of weakness	14%	13%
Unsound	8%	7%

Survey Results 2013.

Observed dampness					
Living Areas		Bedrooms		Both	
2013	2004	2013	2004	2013	2004
8%	18%	12%	24%	18%	11%

Survey Results 2013.

## SOUNDNESS

**Standard – The property provides complete shelter in all weather conditions.**

### IN GENERAL

Twenty five tenants reported the house to be in need of urgent repair. Seven had not reported this to their landlord. Another 11 had reported it once or twice. Eight had reported the problem three or more times.

The table suggests little difference between the worst state of soundness of properties in the two surveys.

### Foundations

There is a good correlation between the two results. The unsound foundations usually showed as separation between paths and dwellings, cracks in the foundations and wall fabric, or springiness in the floor indicating sunken piles.

### Soundness and weather tightness and age of houses

The same criteria were used for both inspections with surprisingly similar results. Few tenants complained of unrepaired leaks in the current survey and there were fewer signs of leaks affecting ceilings and walls than 2004. Weather tightness is such a fundamental requirement that we need to give credit for a significant improvement in this in all properties since 2004.

Some of the oldest properties show further relative deterioration. The result seen in those built since 1978 properties reflects again the smallness of this group in both studies. Once again we found surface repairs and paint masking leaks that appeared only after occupants took up residence. Many of the faults found by tenants were claimed to have been present when they took over the tenancy.

### Soundness and weather tightness of houses 2013 and 2014 compared



### Dampness

Visual inspections reported fewer signs of internal dampness than in 2004. The worst property seen in 2004 has had fascias, gable ends and floors repaired. While still described as a “terminal property” by the tenants, it is much more habitable than in 2004. The overall improvement is significant. The long term prospects uneconomic.



## SUITABILITY (HABITABILITY)

### The Standard – The property provides basic amenities and services that encourage social inclusion

In 2004 this measure was based on studies that were beginning to use the term habitability. Later studies have also used this term. We measured again the 'fit for purpose' state of the property as rented.

#### IN GENERAL

Properties in the survey again scored best on the suitability standard; 48 of 60 properties measured scored over 80%. The oldest properties showed a marked improvement in being 'fit for use'. The 1941–77 group did not show improvement.

#### Bedroom adequacy

Five properties advertised bedrooms that were in some way inadequate for their purpose, usually too small for bed and clothes storage.

#### Living space

Seven dwellings reported inadequate living space for the number of residents. This is a higher proportion than 2004.

#### Visual appearance inside and out

The properties do not score as well as they did in 2004. Some care has been taken to distinguish between tenant and landlord responsibilities, but figure 1 shows a much higher proportion of properties as unkempt; (43% as against 13% in 2004). A number of survey inspectors reached this conclusion.

#### Serviceable kitchens 2013

Adequate space and functioning facilities are prerequisites for family homes or flats. Unserviceable electric plugs and ranges were the most common fault. Some remained unrepaired months after reporting, while others had been repaired promptly.

#### Serviceable bathrooms and toilets

Bathrooms usually show the most wear and tear, either through the presence of mould or other effects of inadequate or unused ventilation. A number of bathrooms showed efforts to reconfigure them for modern use, some successfully, others resulting in cramped and awkward layouts. Separate toilets were considered an advantage where the dwelling housed more than three people, or people who were unrelated. In this survey only one bathroom was found to be totally inadequate; seven were mostly adequate, the remainder were found to be adequate. Only one toilet was found inadequate and suffered rainwater leaks.

#### Serviceable laundry

Most were quite adequate for their purpose, a few remained cold, damp and draughty.

### Suitability/Habitability Compared

	Pass		Fail	
	2013	2004	2013	2004
<1920	80%	64%	20%	36%
1921–1940	82%	79%	18%	21%
1941–1977	80%	89%	20%	11%
Since 1978	100%	100%	0%	0%
Over 80%	80%	82%	20%	18%

Appearance as presented to public



■ Tidy  
■ Mostly Tidy  
■ Unkempt

Survey 2013

### Tenant quotes:

“The roof leaks in the kitchen right where you need to stand at the stove.”

“The toilet roof leaks in the lean-to laundry; there are other ceiling leaks in heavy rain. The plumber says he can't find them and I'm supposed to ring when it's raining. I work and when I do ring they don't come till after it stops.”

Tenant rating of fairness of rent		
Value rating	Number	Percent
Good	22	37%
Fair	26	44%
Poor	9	15%
Don't know	2	4%

Survey Results 2013.

## VALUE

### Standard: The rental cost provides value for money

The nine properties with the highest value for money scores (above 80%) were scattered throughout the city. Building age also varied, indicating that many of the older properties in the sample have been maintained to a good standard. Two properties scored lower than 55% and both reported significant problems such as dampness, faulty plumbing and/or broken windows. Several tenants in this category commented that the rent was low but this did not fully compensate for the deficiencies in the housing.

It must be noted that scoring for soundness and safety is subjective, so therefore only offers an indication of value for money. The values were calculated by a formula weighting the variables and including a rent factor. The scores, subjective as they are, are comparatively consistent.

### Summary results of all properties in 2013 survey

Estimated year of building	Number in survey	Safety	Soundness	Suitability	Value	All measures
Before 1921	19	74%	37%	89%	32%	11%
1921-1940	17	35%	47%	88%	29%	29%
1941-1977	20	40%	40%	80%	40%	25%
Since 1978	4	100%	50%	100%	100%	50%
All years	60	53%	42%	87%	38%	23%

## **PART THREE DISCUSSION**

### **CHAPTER FIVE**

#### **WHAT DOES THE FUTURE HOLD FOR DUNEDIN'S LOW INCOME TENANTS AND THEIR LANDLORDS?**

##### **THE INCOME RELATED RENT SUBSIDY (IRRS) AND WORK AND INCOME NEW ZEALAND**

Since 14th April 2014 all low income families looking for assisted housing apply to Work and Income for assessment. Housing New Zealand will maintain and manage their houses for tenants referred to them by Work and Income NZ. It is not yet clear how the allocation of clients to social housing providers will work. The government talks of creating a 'social housing market' but there is every reason to expect that, in Dunedin at least, allocations will continue to work in the same way as at present at least until there are registered housing providers in Dunedin. HNZ will serve the highest need tenants and refer others to suitable social housing providers. Applicants will be directed to either an HNZ home or possibly one owned and operated by one of the registered social housing providers. The rent will be an income related rent and scaled according to your income. Tenants and landlords need to be patient (see sidebar), the allocation and registration processes are still very new. People will be accommodated on the same criteria as if they were an HNZ tenant. People not referred for state or social housing will still qualify for the Accommodation Supplement paid by Work and Income NZ.

**We recognise that other forms of assistance are available to people for whom the Accommodation Supplement is inadequate but believe a higher level of supplement is appropriate in Dunedin.**

Landlords who have become (or are deemed to be) registered social housing providers will qualify to receive an income related rent subsidy from the Ministry of Social Development. If they are charging a discounted rent – say 75% of average market rent – the subsidy will increase their income on that property by a third. They will be paid the average market rent for the size and location of the property. The Minister of Housing, The Hon. Nick Smith, was challenged at the recent Community Housing Conference that the IRRS was not going to be the solution to providing capital to fund social housing growth. His emphatic response, "We have done the numbers and they tell us it will" failed to receive whole hearted applause. Time will tell. The registration process is being managed by the Community Housing Regulatory Authority ([www.shu.govt.nz/chra](http://www.shu.govt.nz/chra) – home/how-to-apply-for-registration/). Some providers are already deemed registered by having entered into an earlier agreement with the Social Housing Unit. CHRA has verbally undertaken to manage this process as swiftly and economically as possible. Documentation already provided for earlier applications to SHU can be resubmitted with the application form.

"I just want to clarify the teething problems we have had with MSD on the referral process for new tenants: we notified MSD that we had a vacancy in Nelson suitable for a family needing 3 bedrooms. MSD referred 5 applicants to us, 3 of whom were looking for homes outside Nelson in areas such as Marlborough and the West Coast; one had a young family who were unsuitable as the garden is unfenced and we had advised MSD that we would be building new houses at the end of the street; one was a no-show. MSD has apologised and we have advised them that we cannot afford to lose the rental income as the property lies empty, awaiting a suitable referral. We have found a potential tenant for the house and have referred them to Work and Income to be assessed for IRRS eligibility: if they qualify we will get the subsidy and if they don't qualify we will house them and charge our usual discounted rent (70-80% of market rent). We are reassured that these are teething problems in that some of the systems and technology is not fully operational and we have established a good relationship with MSD at the local office and in Wellington."

Information provided by the Nelson Tasman Housing Trust.

##### **What's in a Name?**

Let's try to clarify some terms which government at present appears to be using interchangeably. It seems important when matters like the IRRS are at stake. There are also complex tax issues coming down the highway for some housing providers.

**Social housing:** is the term used by this government to cover all sectors of subsidised accommodation. This is a new use of the term and may create local and international confusion.

**State housing:** housing provided through HNZ to people who have exhausted all other avenues in seeking accommodation and qualify as the highest category of need. It is provided at an income related rent. It does not provide any form of support other than housing. Any support needs are dealt with through the needs assessment done by Work and Income NZ.

**Community housing:** an umbrella term used now to cover all forms of not for profit housing providers to people with special social, mental or physical needs. It differs from state housing in that the landlord is linked with but not identical to the services required by the occupants to maintain independent living. It now includes both subsidised and non subsidised accommodation. The rents charged are usually between 70-80% of market rent.

## TRANSFERRING HOUSING NEW ZEALAND HOUSES TO SOCIAL HOUSING PROVIDERS

The government believes that the social sector and community housing sectors can be better landlords than HNZ, particularly at moving people on. Governments in some states of Australia and in Great Britain have sold large sections of their housing to community providers at very low cost and with grants to reconfigure and update the (often old) houses. 'Stock transfers' are now trumpeted as a major plank in this government's housing policy. After months of unsuccessful negotiations between interested providers and HNZ, an Independent Transactions Authority has been set up to create a "social housing market". This is aimed at creating competition in the social housing sector so that HNZ has durable competition. Its timetable requires it to report by December 2014 so we can only hope that it addresses most major issues by then. Among them are the quality of the houses, their need for 'reconfiguration', the price and the effect on government financial ratings of the loss of an asset. We are disturbed by the language of the 'social housing market' as being somewhat foreign to our purpose in housing low income families and the elderly. While the government seems very committed to meeting social housing needs we remain highly sceptical that stock transfers will do anything to address the supply or quality of community housing.

Not all social housing tenants placed under the IRRS conditions will be subject to a reviewable tenancy. When the IRRS is contracted to a community housing organisation it is the policies of that organisation that determine the nature and timing of any tenancy reviews. This is potentially a major difference between the Community Housing Organisation sector and HNZC. The implications of this are that if the tenant's circumstances change so as to no longer qualify for subsidised housing, they will receive time and assistance to relocate. The government assistance includes a relocation grant of up to \$3000 and assistance with ongoing tenancy management costs.

## HOUSING WARRANTS OF FITNESS

Given the poor quality of Dunedin rental houses we have seen in both 2004 and 2013 a housing warrant of fitness is still urgently required to protect tenants. It could be balanced so that tenants leaving are required, as far as it lies within them, to leave the property in warrantable condition. In the meantime we'd advise tenants to look for letting agents that offer their own warrant of fitness for rental properties. (see Chapter Two). These agents are also prompt in dealing with management issues. Mandatory warrants will require government legislation in the future. That could take some time. For some of the older regional parts of New Zealand the need is more urgent; very urgent if Dunedin is to show improvement with its oldest housing. Other paths towards the same end may include the proposal to make insulation and efficient heating mandatory for all rental properties. Drawing central government's attention to our particular needs remains a challenge.

**The possibility of even a voluntary warrant of fitness regime in Dunedin needs much more public discussion and advocacy from citizens to encourage the Dunedin City Council and landlords to progress down this path. We support the idea of mandatory insulation and means of efficient heating for all rental housing.**

Rising damp and rot. BRANZ photos.





## DUNEDIN'S OLDER RENTAL HOUSING STOCK.

In Auckland the government and private sectors are collaborating in redevelopments in the Glen Innes area. Properties on large adjacent sections are being demolished. Rebuilding will be at greater density so that HNZ retains the same number of units as previously held and the developers sell the remainder. This kind of approach is only possible where one owner holds land and properties suitable for redevelopment. There are already significant criticisms of this approach but a similar model has been successful in Adelaide, Australia.

Some parts of Dunedin urgently need redevelopment but are already built on intensively. Other parts have larger sections unsuitable because of terrain difficult for redevelopment on a larger scale. One possibility around this terminal situation is for insurance companies to decline insurance on properties that do not pass a set warrant of fitness standard. This would possibly only work towards redevelopment if local and central governments offered some forms of financial incentive. The long term public good for Dunedin's health and well being could be substantial. Relying on the social housing sector to produce this result is neither fair nor realistic. Much more collaborative enterprises must be found. The challenges posed by our terrain and long term climate change are important if Dunedin is to sustain its resident population in the future. We note the proposal for an urban co-housing development in Dunedin and support its intention. More developments of a similar nature are needed.

**We urge the DCC to develop a platform for the discussion of pilot redevelopment projects that include mixed occupation models of ownership and tenancy.**

## AMALGAMATION OF A FRAGMENTED SOCIAL HOUSING SECTOR

The Property Group's report recommendations include amalgamation as a high priority as a way of leveraging better capital resources. Without continuing central government grants and interest free loans it is hard to see how in the shorter or longer term this would impact favourably on lower income tenants. This government has ceased funding social housing developers other than through IRRS. The cash flows are supposed to be more attractive to lenders but leave the sector with a high debt burden. Amalgamation of assets is a complex and expensive business and the advantages and outcomes need to be very positive for everyone – including tenants – or everyone, tenants, social landlords and Dunedin will be out in the cold – again.

**In both 2015 and 2016 the government is making a further \$30 million available to the community housing sector for capital work. We'd like to see that by 2016 areas outside Auckland and Christchurch get fair consideration.**

## A Model for Dunedin?

**"The Northern Glen Innes Redevelopment Project is part of a national Housing New Zealand redevelopment programme that aims to create mixed communities with better quality state houses that matches demand, and more affordable home ownership and social housing opportunities."**

### About the project

**"In northern Glen Innes, we have expensive state houses on big sections in an area close to the city and we need to use that land wisely to help address Auckland's growing housing problems. This is a priority area for both Auckland Council and Housing New Zealand."**

**To achieve our goals for the area, we plan to redevelop 156 properties to create at least 260 new houses, including:**

- 78 owned by Housing New Zealand
- at least 39 other market-based affordable houses
- the remainder for private sale.

**The project also involves modernising another 40 state houses in Glen Innes, and exterior upgrades to a further 276 state rental houses across Glen Innes and Panmure."**

<http://www.tamakitrc.co.nz>

## APPENDIX: ASSESSMENT CRITERIA COMPARISON

### How does the proposed Rental Housing WOF tool compare with the PSO Dunedin Reasonable Rental Standard Criteria?

The proposed Rental Housing WOF assessment tool uses 31 criteria, an associated checklist and a technical manual to guide assessors. As Table 1 shows, the bulk of the Rental Housing WOF criteria are also covered by the Presbyterian Support Otago Dunedin Reasonable Rental Standard Criteria, however the “pass criteria” differ markedly. The Rental Housing WOF tool requires a dwelling to meet every measure in order to achieve a pass. The Presbyterian Support Otago assessment tool requires a property to meet 80% of the criteria in order to “pass”.

As some of the criteria in the Rental Housing WOF Tool relate to minor issues such as adequate light bulbs being in place, it is proposed that once the programme is fully rolled out, any small issues will be able to be fixed on-site by the assessor, who will then be able to “pass” the property. Larger issues will be documented and the landlord will be given a fixed time period in which to meet the standard.

### The Presbyterian Support assessment tool: The Dunedin Reasonable Rental Standard

At the time the PSO tool was developed no New Zealand based standard existed against which we could measure rental properties. With assistance from overseas models and focus group discussions we arrived at a workable framework, which we have called The Dunedin Reasonable Rental Standard. It is intended to be what reasonable people would consider a fair measure of a property as offered for rent. We invited and received general agreement on the standard from the Otago Property Investors’ Forum and other individual landlords and tenants. Most considered it reasonable.

The English House Condition Survey 2001 and the Scottish House Condition Survey 2002 were used as guides for the Dunedin Standard. These surveys were not limited to rental properties. The Scottish survey uses a ‘tolerable standard’ that is similar to the one we offer. The Dunedin Standard has an extra focus on energy efficiency and thermal comfort. The reason for this is that a majority of houses in New Zealand lack insulation, while a majority of Scottish houses have full insulation. As referred to above, the “pass” mark was set at 80%. We felt that this was the standard that needed to be met in order to meet “The Dunedin Reasonable Rental Standard”.

Table 1: Proposed Rental Housing WOF Criteria compared with the PSO Dunedin Reasonable Rental Standard Criteria

Proposed WOF assessment criteria	Addressed in PSO survey
Is there a functional, safe stove-top and oven? (Yes/no)	✓
Is there adequate space for food preparation and storage? (Yes/no)	✓
Is there an adequate supply of hot and cold potable water? (Yes/no)	✓
Is the hot water at the tap 55degC (±5°C?) (Yes/no)	X
Is there a functional toilet, which does not have a cracked or broken seat, cistern or bowl? (Yes/no)	✓
Is there a suitably located bath or shower in good working order? (Yes/no)	✓
Are there secure or high level cupboards or shelves for storing hazardous or toxic substances out of children’s reach? (Yes/no)	X
Is there a fixed form of safe and effective space heating? (Yes/no)	✓
Do the bathroom, kitchen and all bedrooms have some form of ventilation to outside? (Yes/no)	✓
Is the house reasonably free of visible mould, i.e. the total area of mould is less than an A4 sheet of paper? (Yes/no)	✓
Are the power outlets and light switches safe and in good working order? (Yes/no)	✓
Is there adequate indoor lighting? (Yes/no)	✓
Does the house have adequate working smoke alarms? (Yes/no)	✓
Have the windows got effective latches? (Yes/no)	✓

Have high windows got security stays? (Yes/no)	✓
Are there curtains or blinds in the bedrooms and living area? (Yes/no)	✓
Do glass doors have safety visibility strips? (Yes/no)	X
Does the house have thermoplastic insulated cabling? (Yes/no)	X
Does the house have ceiling insulation to WOF standards? (Yes/no)	✓
Does the house have underfloor insulation to WOF standards? (Yes/no)	✓
Is the house weather tight with no evident leaks, or moisture stains on the walls or ceiling? (Yes/no)	✓
Is a ground vapour barrier installed under the ground floor? (Yes/no)	X
Is the house in a reasonable state of repair? (Yes/no)	✓
Is the storm and waste water drainage being adequately discharged? (Yes/no)	✓
Is there any water ponding under the house? (Yes/no)	X
Is there adequate outdoor lighting near entrance ways? (Yes/no)	X
Does the house appear to be structurally sound? (Yes/no)	✓
Are there handrails for all internal stairs and all outdoor steps that access the house, and do balconies/decks have balustrades to the current Building Code? (Yes/no)	✓
Is there fire egress to the current Building Code? (Yes/no)	✓
Is the address clearly labelled and identifiable? (Yes/no)	X
Are there securely locking doors? (Yes/no)	✓

As Table 1 shows, 23 of the 31 Rental Housing WOF assessment areas were covered in our survey. Of the eight areas not specifically covered, five of these pertain to safety; three of which pertain specifically to child safety. The assessment tool we developed did not specifically address issues such as the storage of toxic substances, safe water temperatures and safe strip on glass doors. We acknowledge these are important issues raised by the proposed Rental Housing WOF tool. Some of them featured as part of the training of surveyors; eg. safety of glass doors and safe water temperatures.

Two questions in the Rental Housing WOF tool focus on the issue of underfloor dampness. Our survey does not address this specifically, but we believe this issue was adequately covered in our tenant interviews. The final area not specifically assessed in our survey was whether the address was clearly labelled and identifiable. This was a frequent problem for the research team and will be included in any future assessments.

**Issues addressed by the PSO “Dunedin Reasonable Rental Standard Criteria” but not addressed by the proposed Rental Housing WOF Assessment Tool**

There were several areas that were included in the PSO Dunedin Reasonable Rental Standard Criteria which are not covered in by the proposed rental Housing WOF Tool, as shown below in Table 2.

Table 2: Criteria included in the PSO Dunedin Reasonable Rental Standard Criteria but omitted from the Rental Housing WOF Criteria.

The site and dwelling are accessible for mobile people of all ages
The site is free from lasting offensive odours generated on the property
Thermal comfort is provided in the form of carpets
Advertised bedrooms meet minimum size requirements (9 m <sup>2</sup> or room for a single bed, wardrobe and desk.)
The living space provided is adequate for the number of people consistent with the number of bedrooms
The site and dwelling offers agreeable visual impact
The dwelling offers privacy and quietness

There may be value in bringing these criteria to the attention of the Rental Housing WOF Development Committee.

(reference DCC WOF criteria to: <http://www.dunedin.govt.nz/your-council/latest-news/december-2013/dunedin-to-take-part-in-housing-wof-project> )



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ISBN - 978-0-473-28941-6