

27 January 2016

Submission

To the

Social Services Select Committee

On the

Residential Tenancies Amendment Bill 2016

Housing. I said it and I repeat it: a home for every family. We must never forget that, because there was no room in the inn, Jesus was born in a stable; and that his family, persecuted by Herod, had to leave their home and flee into Egypt. Today there are so many homeless families, either because they have never had one or because, for different reasons, they have lost it. Family and housing go hand in hand.

Pope Francis: *Address to the World Meeting of Popular Movements*, October 2014

Summary of main points

- The intentions of the Government in relation to this Bill and the issues it seeks to address are very much a step in the right direction. We support the intention of the Bill, and wish it to proceed, subject to amendments.
- **Caritas supports the intentions of this Bill to:**
 - Ensure low-income tenants have access to warm, dry housing
 - Require rental homes to have minimum standards in relation to smoke alarms
 - Enable the MBIE to take enforcement cases to the Tenancy Tribunal
 - Give greater protection to tenants who take cases about necessary housing repairs.
- **Caritas has concerns about:**
 - The potential impact on the most vulnerable tenants, if landlords pass on the costs of insulation to tenants. We wish to see the Select Committee examine policy options to ensure that the costs of improving homes are not simply passed on to tenants.
 - That the insulation standards are lower than the current requirements, which will still lead to a two-tier system in which the most disadvantaged continue to be worse off than the general population.
 - There needs to be a more systematic way of ensuring that the power imbalance between landlords and the most vulnerable tenants is addressed, so tenants can make better use of both existing and proposed enforcement processes in regard to the quality of rental homes.

Introduction

1. Caritas is the Catholic agency for justice, peace and development. We are mandated by the New Zealand Catholic Bishops to undertake advocacy, development, education and humanitarian work both globally and locally.
2. Our comments on the Residential Tenancies Amendment Bill are formed from:
 - Reflection on Catholic social teaching, especially the principles of human dignity, the common good and the protection of the poor and vulnerable.
 - The experience of Church communities, Catholic agencies and our partners working with people experiencing housing need.

Position on Bill

3. Caritas supports the intentions of this Bill, in particular:
 - Ensuring that low-income tenants have access to warm, dry housing, which will reduce illness in many families
 - Requiring rental homes to have minimum standards in relation to smoke alarms
 - Enabling the Ministry of Business, Innovation and Employment to take enforcement cases to the Tenancy Tribunal
 - Giving greater protection to tenants who take cases to the Tenancy Tribunal about housing repairs
4. The intentions of the Government in relation to this Bill and the issues it seeks to address are a step in the right direction.
5. We have concerns about:
 - The potential impact on the most vulnerable tenants, if landlord simply pass on the costs of insulation and other improvements to tenants
 - That the insulation standards are lower than the current requirements, which will still lead to a two-tier system in which the most disadvantaged continue to be worse off than the general population. We also note that upgrading these standards at a later date will only increase the costs to landlords and tenants.
 - There needs to be a more systematic way of ensuring that the power imbalance between landlords and the most vulnerable tenants is addressed, so tenants can make better use of both existing and proposed enforcement processes in regard to the quality of homes.

Background

6. We acknowledge that New Zealand is facing a housing crisis, in which many low-income families feel powerless about seeking or finding better quality housing than that which is on offer, and in which there is a significant power imbalance between many landlords and vulnerable tenants.

7. Catholic social service agencies report that the impact of poor housing, expensive housing and inaccessible housing on low-income families and households often makes it difficult to address other issues and needs that these families are facing. Research by Philippa Howden-Chapman have well established the health and economic benefits of ensuring that people live in warm homes. Good housing is a fundamental aspect of social wellbeing.
8. Our 2015 Social Justice Week resources include a film showing the impact that providing affordable temporary housing has for one family assisted by De Paul House in the Diocese of Auckland. The family told us:

We were renting and then we got evicted because we were in arrears. Couldn't afford to pay rent cos I had lost a job and [my husband] was working but he was not only paying for rent, power, food, he was also paying for our debts... we ended up with family which was hard for us to be with family cos [there was] no privacy, it was hard.... it's [my husband] and I, our two boys [in] a three bedroom house [with family], they have their own children, my children and then, everyone's just getting into... everyone's space A private rental was way expensive, even a two-bedroom home was over 300. [My husband] only made less than 500 so, more than half of his pay would go to rent and so, we just couldn't get by.

De Paul House helped us with, well, put a roof over our heads to start with. Got me sorted out with my debts, which I'm happy to say I'm debt free now, thanks for you guys. They've just helped, they also helped with getting my C.V. done, and getting me into a part time job, which has helped quite a lot, with the kids....The reason I come back to De Paul House is cos, we call this our home now, cos if it wasn't for this place we would be homeless.

9. Housing issues have also continued to be a pressing concern in Christchurch, where our partner agency the St John of God Hauora Trust has told us of the considerable difficulties young people, especially young families, have finding affordable accommodation which does not need significant repair. We are continuing to fund their housing support and housing advocacy work almost five years after the 2011 Christchurch earthquakes. One example they gave us:

A young solo mother with three children was stuck in a mouldy, earthquake-damaged, cold and cramped private rental. The rent was affordable, but the house was making her and her children sick, as well as exacerbating her mental health issues. One of the housing workers got alongside [her] and helped her through the process of obtaining help...to improve the warmth of her home, but that revealed the extent of the mould [which] made a retrofit impossible. [Extract from the housing report]

"Under the floor I observed the floorboard and supporting joists around the toilet had a significant amount of mould growing on them...The floor is chipboard which has a tendency to go to "mush" if in direct contact with water. This has occurred at the back of the toilet and a hole has now developed beneath the lino. The children's bedroom and the bathroom are adjoining the toilet. I observed mould in the corner of the bathroom which adjoins the

toilet wall. I did not, however, check the corner of the bedroom for mould as my brief was regarding the structural integrity of the floor. I would say, however, that it's likely that the mould from the toilet will be present in the wallboard in the children's room."

Comments on the Bill

- 10.** As noted above, we support the intention of the Bill. However, our primary concern is that the impact of improved housing will be undermined for tenants if landlords simply pass on the cost of repairs in the form of increased rents. This seems to us to be a very likely scenario.
- 11.** In some regional centres, affordability issues have themselves provided some check on increasing rents, but this has not been sufficient in itself to ensure that homes are affordable especially in main centres like Auckland and Christchurch.
- 12.** Christchurch rents increased dramatically after the 2010 and 2011 earthquakes, because of the influx of workers for the rebuild and because of the need for many homeowners to find alternative accommodation while repairs were undertaken on their homes. Our Christchurch partner St John of God Hauora Trust has noted significant rises at the lowest end, despite the very poor quality of housing.
- 13.** The Residential Tenancies Regulations Q&A provided on the MBIE website specifically note that landlords may recover the cost of insulating homes by increasing rent, subject to the safeguards of the Residential Tenancies Act, such as giving 60 days written notice before imposing rent increases.
- 14.** Although the potential for increased rents for low-income households was a reason given by the government for not implementing a more comprehensive Warrant of Fitness scheme for rental housing, there is no discussion in the Regulatory Impact Statement about policy options to reduce the impact on vulnerable tenants of higher rents resulting from an increase in housing quality.
- 15.** We would like the Select Committee to examine what policy options exist to ensure that the costs of improving state houses are not simply passed on from landlords to tenants.
- 16.** We would also like to see an extension of the insulation subsidy which has been provided to homeowners, and to landlords, in some regions. The Regulatory Impact Statement notes that many landlords have been reluctant to take up the insulation subsidy scheme; however they will have a greater incentive to do so when this legislation is passed. As the Government has met the costs of installing insulation in state houses and has assisted low-income homeowners, it is important to continue the subsidy to ensure that low-income tenants receive the same support, rather than gaining a warmer home but losing out in other parts of their life through paying increased rents.

Enforcement provisions

- 17.** Caritas supports the proposals to enable greater compliance with existing and new regulations about the quality of rental homes.
- 18.** The ability of MBIE to undertake action against some of the most persistent offenders among landlords in supplying considerably sub-standard housing is required. It is as necessary as MBIE's powers to take action against persistently offending employers in relation to extreme exploitation of workers.
- 19.** We also support measures which assist a tenant facing retaliatory measures (such as eviction) as a result of requesting or taking action to enforce housing standards or repairs.
- 20.** We again note that this is necessary because of the significant power imbalance between landlords and the most vulnerable tenants, especially in Auckland and Christchurch where there the greatest concerns about the ability of low-income tenants to obtain affordable homes.
- 21.** While the measures in this Bill are a step in the right direction, they point towards the need for more comprehensive measures which can assist the most vulnerable tenants.

Conclusion

- 22.** There is a wealth of research available showing the long-term health and economic costs to New Zealand of insulating homes. We also know first-hand that affordable, accessible, good-quality homes are often the first and most important step to addressing the wellbeing of the poorest New Zealand children and their families. As the De Paul House example shows, addressing housing needs can often enable a family to address other issues such as debt, transient schooling and access to employment.
- 23.** We support the intentions of the Government in this Bill and wish it to proceed, subject to amendments which address:
 - Tenants ultimately paying for the cost of improved housing through increased rents. We wish to see the Select Committee examine policy options which will reduce this impact.
 - The lower standard of insulation required under this Bill than provided for in existing building regulations, which will result in a lower quality of insulation, and potential long term costs if this disparity is addressed at a later date.
 - More comprehensive measures which address the power imbalance between the most vulnerable tenants and landlords.