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Media Release

Plan unveiled to upgrade New Zealand's million unhealthy, inefficient homes

The New Zealanders are suffering major ill health and economic costs because their homes are not performing properly.

New research released today reveals more than one in four homes could be making their occupants sick, some seriously.

By making homes warmer, drier and more energy and water efficient, the country could:

- Avoid sending 50 people a day to hospital with respiratory illnesses (saving \$54 million a year)
- Cut sick days off work by 180,000 a year (lifting production by \$17 million a year)
- Cut household power bills by \$475 million a year by using a combination of insulation and double glazing
- Stop households wasting enough water a year to fill 9,200 Olympic swimming pools.

These are among the findings of a major two-year \$300,000 research project conducted by the New Zealand Business Council for Sustainable Development.

With improvements to the Building Code the country's new homes are performing much better, but most of the existing 1.6 million homes are performing poorly.

The Business Council is proposing a five point policy package to the incoming Government, local government, the building industry and home users to help improve the performance of the nation's 1.6 million homes. Of these, about a million are not adequately insulated. These perform well below the standards now set for new homes.

Policies proposed include:

- A mandatory home performance ratings system to apply over time to all new and existing homes when they are sold or rented out
- From a date in the future, linking Government accommodation supplements only to homes and flats that are performance-rated to an adequate level, and also consider paying a rent supplement to the landlord of homes with the new "warrant of fitness"
- "Green tape" building code reforms to sweep aside consenting delays for innovative designs for better performing homes, caused by overly cautious local councils in the wake of the leaky buildings problem
- Government-funded consumer market research into home performance improvement solutions New Zealand home owners want, followed by

- A Government - building sector strategy to deliver whole solutions to householders, not just individual products, and a
- Targeted campaigns to let consumers' know what solutions are available
- Training for the renovation industry, undertaking more than 80,000 renovation projects a year, to offer solutions which improve home performance, not just offer individual products
- New finance packages so homeowners can afford to improve home performance – and pay back the loans from energy savings, or have the cost reclaimed from their estates.

The report also warns that warm and healthy homes are going to become more essential for the one in four New Zealanders who will be 60 or older in just 17 years – at the same time their ability to afford home improvements also falls.

The project – which saw the Business Council collaborate with 27 businesses and other organisations over the past two years – says fragmented approaches to improving the housing stock need to end.

It says a range of innovations, from properly insulating and double glazing, to using appropriate appliances, venting, water conservation and metering – could deliver huge economic and health benefits to households over the next 10 years.

Business Council Chief Executive Peter Neilson says New Zealand knows how to build or renovate homes so they perform well – but it's not happening fast enough.

“The scale of needless suffering and loss, and lost opportunity, is immense. We need a concerted Government and building sector effort to crack this massive problem – and deliver solutions,” Mr Neilson says.

“We must update existing homes. Builders, and home owners, landlords and tenants must have ready access to the answers – and incentives.”

Research shows there are benefits worth \$2 for every \$1 invested in retrofitting older poorly performing homes.

The Business Council – whose 71 member companies' annual sales of \$59 billion equate to 43% of the gross domestic product in dollar terms – says lower social economic areas will experience the biggest gains, though higher income occupants of older villas and even some new homes are suffering: some new homes are so air tight and poorly ventilated they produce toxic mould.

A major drive to improve home performance in New Zealand would help deliver consumers what they want - comfort, a modern look and improved lifestyle – while also reducing energy use, lowering the country's greenhouse gas emission bill, and freeing up 18,000 more hospital bed nights over the next decade.

“At the moment the best way to improve your home's value is to redecorate or upgrade the kitchen and bathroom. A real estate agent won't tell you to install more insulation to get a higher price, but to turn on the heaters for an open day, because the invisible improvement won't get you a higher price,” Mr Neilson says.

“If you buy a car it must have a sticker telling you about its fuel performance and how much it costs to run a year. For our most valuable asset, we have no such

information. In Australia and the United States homes with performance ratings sell for a premium and sell faster.”

The Business Council also today released the results of major new nationwide survey of 3526 New Zealanders, on the state of their housing.

It says the survey reveals:

- 26% are living in homes which they say have caused illness (some fatal, some people living only in parts of their homes during winter to avoid mould and damp and illness)
- Between 76% and 95% of people who have rented or bought a home during the past two years did not check the level of insulation, hot water cylinders, heaters, of the water and energy efficiency of appliances (some paying dearly for the oversight later)
- Only 29% say their homes are warm and comfortable
- 60% say their homes could be more warm and comfortable
- 83% know their water heating could be more efficient
- 69% say they can't afford to improve their home's performance
- Of home owners, half don't feel informed on options to improve their homes' performance, and
- 93% would welcome expert advice on the best solutions to improve their own homes if it were available

The poll also finds support for mandatory performance rating of homes and the policy measures in the report.

Mr Neilson says there is cross party voter support for most of the Business Council's proposals to boost home performance.

Voters for all parties in Parliament, except Act, support all the Business Council's proposals, and Act voters come on board if a mandatory rating is linked to a payment to landlords who upgrade their rental properties.

“New Zealanders are keen to upgrade their homes, but many don't have the financial means, and home owners and tenants lack incentives to upgrade. Landlords usually won't earn more rent for upgrading a rental property, whereas the tenant will probably get the benefit of energy savings,” Mr Neilson says

“When homeowners want to upgrade, they often can't find the best combination of products to produce a better performing home which costs less to run.

“Most providers in the renovation trades know and supply only one product and often can't advise people on the best product combination to meet a homeowner's needs. The homeowner often ends up unhappy with the result.

“Even when you find what you want you often get slowed down by your local council if it hasn't consented your particular solution before. After leaky buildings, caution is to be expected. But we do need faster consenting of proven solutions if we're going to fix our more than a million under-performing homes any time soon,” Mr Neilson says.

The “*Better Performing Homes for New Zealanders*” research report and associated “*2008 New Zealand Housing Survey*” are available at www.nzbcscd.org.nz.

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The Business Council believes sustainable businesses are profitable, contribute to social progress and ecological balance – and protect New Zealand's quality of life. The Business Council's 71 members jointly employ more than 88,000 people in managing resources, manufacturing, retailing and the service sector. Members contribute annual sales of \$59 billion to the economy, equivalent to 43% of GDP. The Business Council runs a national online survey panel, ShapeNZ, to allow public input on major issues. The panel has more than 14,000 members, is built from purchased lists and is representative of the population as a whole, compared with the 2006 census. ShapeNZ members register and provide demographic and previous party vote information to ensure results can be accurately weighted to reflect the New Zealand population. A report is available [here](#) on ShapeNZ methodology. Registration is also available at www.shapenz.org.nz.