



MINISTRY OF BUSINESS,  
INNOVATION & EMPLOYMENT  
HĪKINA WHAKATUTUKI



MINISTRY OF HOUSING  
AND URBAN DEVELOPMENT

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# Residential Tenancies Act Amendments 2016: 2018 Monitoring Report

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November 2018





**MINISTRY OF BUSINESS,  
INNOVATION & EMPLOYMENT**

HĪKINA WHAKATUTUKI

## Ministry of Business, Innovation and Employment (MBIE)

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## Executive Summary

**As of March 2018, there has been progress towards achieving the outcomes of the 2016 amendments to the Residential Tenancies Act (RTA) but there is still work to do**

The Residential Tenancies Amendment Act (2016) introduced new smoke alarm and insulation requirements to improve the health and safety of tenants, and introduced a new expedited channel to return abandoned properties to the market more quickly. This document reports on progress towards achieving these outcomes as of March 2018<sup>1</sup>, using an agreed monitoring framework.<sup>2</sup>

### Key findings

1. Most private rental properties (95 per cent) have at least one operational smoke alarm. This is in line with the 2017 measure (94 per cent).
2. Most landlords (89 per cent) and about half the tenants (57 per cent) are aware that changes have been made to insulation requirements. The level of awareness has remained stable since 2017. However, there has been a slight shift in the number of tenants and landlords saying they ‘have heard of the regulations but don’t know what they are’ to saying they ‘understand the new requirements’.
3. Housing New Zealand self-reports high rates of compliance with smoke alarm and insulation requirements.
4. An estimated 67 per cent of private rental properties are insulated to the required standard. This is a slight increase from the estimated 65 per cent in 2017, and an increase of 7 per cent since July 2016.<sup>3</sup>
5. The number of insulation retrofits has increased since July 2016, however the levels of insulation installation are likely not as high as they need to be to achieve full compliance by 1 July 2019.
6. Forty-one per cent of tenants reported that their house had mould and 41 per cent of tenants who had spent a winter in their home stated it was often or always colder than they would like.
7. There has been an increase in how quickly MBIE submits abandonment applications to the Tenancy Tribunal through the standard channel, from a median of 14 days before the RTA amendments to a median of 8 days for the 2017 reporting period and a median of 7 days for the 2018 reporting period.
8. Abandoned rental properties are returned to landlords about two weeks faster using the new expedited channel than the standard channel. The speed of return for the 2018 reporting period is slightly slower than the 2017 reporting period, possibly due to cases not being closed correctly in the system.<sup>4</sup>

<sup>1</sup> Apart from self-reported Housing New Zealand data which is as at June 2018.

<sup>2</sup> MBIE (2017). Residential Tenancies Act 2016 amendments: Monitoring and evaluation framework: September 2017. (Unpublished)

<sup>3</sup> This means that approximately 33 per cent or an estimated 172,700 private rentals do not yet meet RTA insulation requirements. Note there are wide margins of error with these estimates, therefore the March 2018 estimate lies between 125,800 and 219,600 private rental properties still needing insulation.

<sup>4</sup> MBIE (2018). Personal communication with Tenancy Services.

Summary of progress against intended outcomes as at March 2018<sup>5</sup>

Residential Tenancies Amendment Act (2016) Monitoring at 2018			
<small>The Residential Tenancies Amendment Act (2016) introduced new smoke alarm and insulation requirements to improve the health and safety of tenants, and introduced a new expedited channel to return abandoned properties to the market more quickly. Here we report on changes towards achieving these outcomes between mid to late 2017, and early to mid 2018.</small>			
Intended outcome	Indicator and desired trend	2017	2018
<b>Short to medium-term outcomes</b>			
Tenants and landlords are aware of their rights and responsibilities	Increase in <i>tenant awareness</i> of insulation requirements in the RTA	57% have heard of the new requirements	57% have heard of the new requirements
	Increase in <i>tenant understanding</i> of insulation requirements in the RTA	7% can demonstrate understanding	9% can demonstrate understanding
	Increase in <i>landlord awareness</i> of insulation requirements in the RTA	89% have heard of the new requirements	89% have heard of the new requirements
	Increase in landlord understanding of insulation requirements in the RTA	35% can demonstrate understanding	43% can demonstrate understanding
All rental properties have operational smoke alarms to the required standard	Increase in private rental properties with <i>at least one operational smoke alarm</i>	94% have at least one operational smoke alarm	95% have at least one operational smoke alarm
All rental properties are insulated to the required standard	All <i>Housing New Zealand properties insulated</i> to the required standard	96% insulated to standard*, 4% unknown	98% insulated to standard**, 1% unknown
	Increase in <i>private rental properties insulated</i> to the required standard	65% estimated as insulated to standard	67% estimated as insulated to standard
	Decrease in <i>private rental properties with no insulation</i>	No data yet	No data yet
	Increase in <i>number of insulation retrofits</i> (need at least 67,500 per year)	<i>Slow increase</i> (estimate)	<i>Slow increase</i> (estimate)
Abandonment applications are submitted to the Tenancy Tribunal more quickly	Decrease in length of <i>time from receipt of tenancy abandonment applications by MBIE to submission to the Tenancy Tribunal</i>	8 days via standard channel (down from 14) 2 days via expedited channel	7 days via standard channel 2 days via expedited channel
<b>Long-term outcomes</b>			
Rental properties are safer from fire risk	Decrease in rate of <i>fires causing mortality</i>	No trend detectable yet	No data provided
Rental properties are drier and easier to heat, resulting in improved tenant health	Increase in tenant perception of <i>dwelling warmth and dryness</i>	No data	41% of tenants who have spent a winter in their property—property 'always' or 'often' colder in winter than they would like
Abandoned rental properties are returned to market more quickly	Decrease in length of <i>time between tenant abandonment and landlord repossession of property</i>	25 days via standard channel 17 days via expedited channel	31 days via standard channel 21 days via expedited channel
<b>Unintended outcomes</b>			
Injuries and fatalities occur as a consequence of requirements to install insulation	No increase in the number of <i>accidents or deaths related to insulation activity</i>	≤ 3 fatalities or serious injuries	0 fatalities or serious injuries
Tenants are prematurely evicted due to the streamlined abandonment process	No <i>complaints to Tenancy Services about premature eviction</i> due to the streamlined abandonment process	0 complaints received	0 complaints received

Positive change since 2017 measure   No change since 2017 measure   Negative change since 2017 measure\* 5% not fully verified. \*\* 3% not fully verified.<sup>5</sup> Apart from self-reported Housing New Zealand data which is to June 2018.

## Introduction

The Residential Tenancies Amendment Act (2016) introduced new smoke alarm and insulation requirements to improve the health and safety of tenants, and introduced a new expedited channel to return abandoned properties to the market more quickly. This document reports on progress towards achieving these outcomes as of the end of 2017, using an agreed monitoring framework.<sup>6,7</sup>

The document is structured according to that framework. Part one reports on progress against the RTA Amendment's four key short to medium-term outcomes:

- Tenants and landlords are aware of their rights and responsibilities.
- All rental properties have operational smoke alarms to the required standard.
- All rental properties are insulated to the required standard.
- Abandonment applications are submitted to the Tenancy Tribunal more quickly.

We assume that if we are able to achieve these short term outcomes, this will lead to progress against the following longer term outcomes:

- Rental properties are safer from fire risk.
- Rental properties are drier and easier to heat, resulting in improved tenant health.
- Abandoned rental properties are returned to the market more quickly.

Part two reports on progress against these longer term outcomes where appropriate, but in some cases data is unavailable, or inadequate time has elapsed to detect trends. It is also important to note that for longer-term outcomes and impacts, causality may not be directly attributable to the RTA amendments and related interventions.

In part three, we monitor issues which were identified as having potential to arise, but are not a desired outcome of the RTA amendments.

The monitoring report compares 2017 and 2018 but it should be noted that the time periods are different, with the 2018 data generally measuring a four month period from November 2017 to March 2018 (Housing New Zealand data was provided from November 2017 to June 2018) and the 2017 data represents time periods of between 12 and 22 months.

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<sup>6</sup>MBIE (2017). Residential Tenancies Act 2016 amendments: Monitoring and evaluation framework: September 2017. (Unpublished).

<sup>7</sup>MBIE (2018). RTA Monitoring and Evaluation – Data Quality Review: April 2018. (Unpublished).

## Part One: Results against short to medium term outcomes

This section reports progress against the RTA Amendment's four key short to medium-term outcomes, up to March 2018.

### 1.1 Intended outcome: Tenants and landlords are aware of their rights and responsibilities

Intended outcome	Indicator and desired trend	2017	2018
Tenants and landlords are aware of their rights and responsibilities	Increase in <i>tenant awareness</i> of insulation requirements in the RTA	57% have heard of the new requirements	57% have heard of the new requirements
	Increase in <i>tenant understanding</i> of insulation requirements in the RTA	7% can demonstrate understanding	9% can demonstrate understanding
	Increase in <i>landlord awareness</i> of insulation requirements in the RTA	89% have heard of the new requirements	89% have heard of the new requirements
	Increase in landlord understanding of insulation requirements in the RTA	35% can demonstrate understanding	43% can demonstrate understanding

**Between 2017 and 2018, there was no change in overall tenant and landlord awareness of their rights and responsibilities under the RTA amendments, and a moderate increase in tenants' and landlords' tested understanding**

Results on tenant and landlord awareness and understanding are drawn from a survey of landlords and tenants of private residential tenancies, conducted in May 2017 and March 2018.<sup>8</sup>

The key results are highlighted above. Awareness results are based on self-reported information, while results about landlord and tenant understanding are based on tested knowledge. Comparisons between 2017 and 2018 for landlords are indicative only, due to changes in sampling. Further detail about specific survey questions, and changes in survey design between 2017 and 2018, are described in Appendix 1.

In addition to the highlighted findings, there is evidence of substantial information-seeking activity during 2017 and 2018.

Since the start of RTA information campaign activity in July 2016, use of Tenancy Services' website has increased by 43%. The Tenancy Services Facebook page, launched in March 2018 has 4,778 people following it as of August 2018.

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<sup>8</sup> Gravitas (2018). Residential Tenancies Act: Monitoring awareness of changes to insulation and smoke alarm requirements. Research report prepared for MBIE. Retrieved from [www.mbie.govt.nz](http://www.mbie.govt.nz)

## 1.2 Intended outcome: All private rental properties have operational smoke alarms to the required standard

Intended outcome	Indicator and desired trend	2017	2018
All rental properties have operational smoke alarms to the required standard	Increase in private rental properties with <i>at least one operational smoke alarm</i>	94% estimated to have at least one operational smoke alarm	95% estimated to have at least one operational smoke alarm

**There was a slight increase in private rental properties that are estimated to have at least one working smoke alarm**

The 2018 survey<sup>9</sup> results show that 95 per cent of rental properties were estimated to have at least one working smoke alarm fitted, up slightly from 94 per cent in 2017.<sup>10</sup>

Applying the 2018 result to an estimated 520,930<sup>11</sup> private tenancies across New Zealand at March 2018, suggests that 28,646 private rental properties did not have an operational smoke alarm at that point in time.

In the highlighted results above, we report only on the *presence* of a smoke alarm, rather than compliance with the RTA amendments. This is because the 2017 survey design asked only about presence of smoke alarms.

In 2018, we made improvements to the survey, asking questions about where smoke alarms were located, in order to determine more closely whether properties were compliant with RTA requirements.<sup>12</sup> The results showed that while there has been a minor increase in the reported presence of smoke alarms, only 83 per cent of those could be considered compliant.<sup>13</sup>

Further details about specific survey questions are provided in Appendix 3.

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<sup>9</sup> Gravitas (2018). Residential Tenancies Act: Monitoring awareness of changes to insulation and smoke alarm requirements. Research report prepared for MBIE. Retrieved from [www.mbie.govt.nz](http://www.mbie.govt.nz)

<sup>10</sup> Appendix 3 provides further detail on how this estimate was calculated.

<sup>11</sup> Appendix 2 provides further detail on how this estimate was calculated.

<sup>12</sup> In order to be compliant with RTA amendments, smoke alarms must meet particular requirements and be placed in specific locations.

<sup>13</sup> 83 per cent of tenants said they have smoke alarms installed close to all rooms where people sleep and on all habitable floors.

### 1.3 Intended outcome: All rental properties are insulated to the required standard

Intended outcome	Indicator and desired trend	2017	2018
All rental properties are insulated to the required standard	All <i>Housing New Zealand properties insulated to the required standard</i>	96% insulated to standard*, 4% unknown	98% insulated to standard**, 1% unknown
	Increase in <i>private rental properties insulated to the required standard</i>	65% estimated as insulated to standard	67% estimated as insulated to standard
	Decrease in <i>private rental properties with no insulation</i>	No data yet	No data yet
	Increase in <i>number of insulation retrofits</i> (to at least 67,500 per year)	<i>Slow increase</i> (estimate)	<i>Slow increase</i> (estimate)

\* 5% not fully verified. Refer to footnote 15

\*\* 3% not fully verified. Refer to footnotes 17 & 18

In this section, we distinguish between Housing New Zealand properties and other private rental properties. This is because requirements for social housing took immediate effect when the RTA amendments were passed (July 2016). The requirements for private rental properties take effect as of July 2019.

#### There has been a slight increase in the proportion of Housing New Zealand properties reported as compliant since 2017

Housing New Zealand reported<sup>14</sup> in November 2017 that between 91 and 96<sup>15</sup> per cent of their properties<sup>16</sup> were compliant with RTA insulation requirements, with the insulation status of 4 per cent unconfirmed.

Updated numbers for June 2018 indicate that between 98<sup>17</sup> and 99 per cent<sup>18</sup> of their properties are compliant with RTA insulation requirements. Of the remaining one per cent, 367 properties are currently having work undertaken to upgrade the existing insulation as insulation has degraded over time, while a further 370 properties are to be physically inspected to verify insulation records and condition.

#### There has been a small increase in the proportion of private rental properties estimated as compliant, up to 67 per cent in 2018 from 65 percent in 2017

New Zealand does not hold an independently-verified dataset on the insulation status of all private rental properties. Research on a sample of rental properties has been conducted at five yearly intervals by BRANZ, however the most recently conducted survey was in 2015.

<sup>14</sup> Self-reported by Housing New Zealand to MBIE upon request.

<sup>15</sup> In 2017, five per cent of HNZ properties (3,225 units) did not have clear record of insulation, but did have a code of compliance certificate (or equivalent) verifying they met the 1978 standards at the time of construction. These properties are counted as possibly compliant with RTA requirements, noting that compliance cannot be verified until properties are inspected.

<sup>16</sup> Housing New Zealand reported that, as of 24 June 2018, 58,692 tenancies out of their managed stock of 61,690 properties received an income-related rent subsidy (95%). The few who pay market rent were excluded from calculations.

<sup>17</sup> Of the 98%, 2.6% (1,541 units) do not have a clear record of insulation but as they were built in 2000 or after are assumed to comply.

<sup>18</sup> As reported in 2018, 0.3 per cent (180 units) did not have clear record of insulation, but did have a code of compliance certificate (or equivalent) verifying they met the 1978 standards at the time of construction. These properties are counted as possibly compliant with RTA requirements, noting that compliance cannot be verified until properties are inspected.

In the absence of such data, it was necessary to develop an alternative approach to estimating current levels of insulation in rental properties.

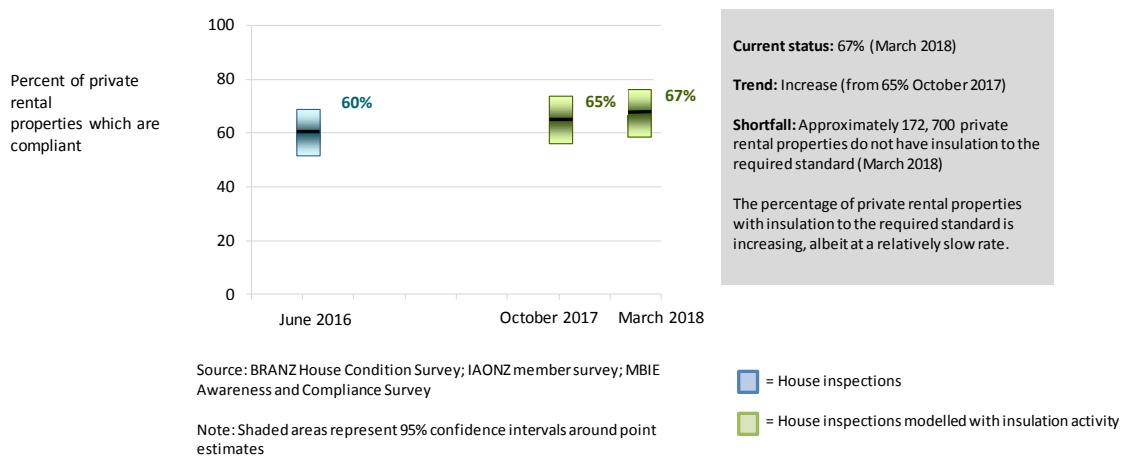
A number of approaches were tested, including gathering self-reported information from tenants and landlords by way of survey. However when survey results were compared to other data sources<sup>19</sup>, we found landlords were likely to have over-reported insulation compliance while tenants under-reported. We determined that this information on its own could not be relied upon.

Instead, we developed an estimate of insulation compliance which draws on data about insulation retrofits reported by the Insulation Association of New Zealand (IAONZ), calculated against the proportion of retrofits undertaken by professional installers.<sup>20</sup> This estimate suggests that in 2018, 67 per cent of private rental properties are compliant with RTA insulation requirements, and 33 per cent are not. We note large margins of error.

By applying these proportions to an estimate of the number of private rental properties at March 2018<sup>21</sup>, we calculate that approximately 172,700 private rental properties do not yet meet RTA insulation standards. Because of the wide margins of error, this number is likely to lie between 125,800 and 219,600 rental properties that require further insulation to meet RTA amendment standards.

This information and changes since the introduction of the RTA amendments in 2016 are summarised in Figure 1 below.

*Figure 1: Estimated proportion of private rental properties insulated to the required standard*



<sup>19</sup> We compared results to findings from the 2015 BRANZ survey, and to data on insulation installation reported by the Insulation Association of New Zealand.

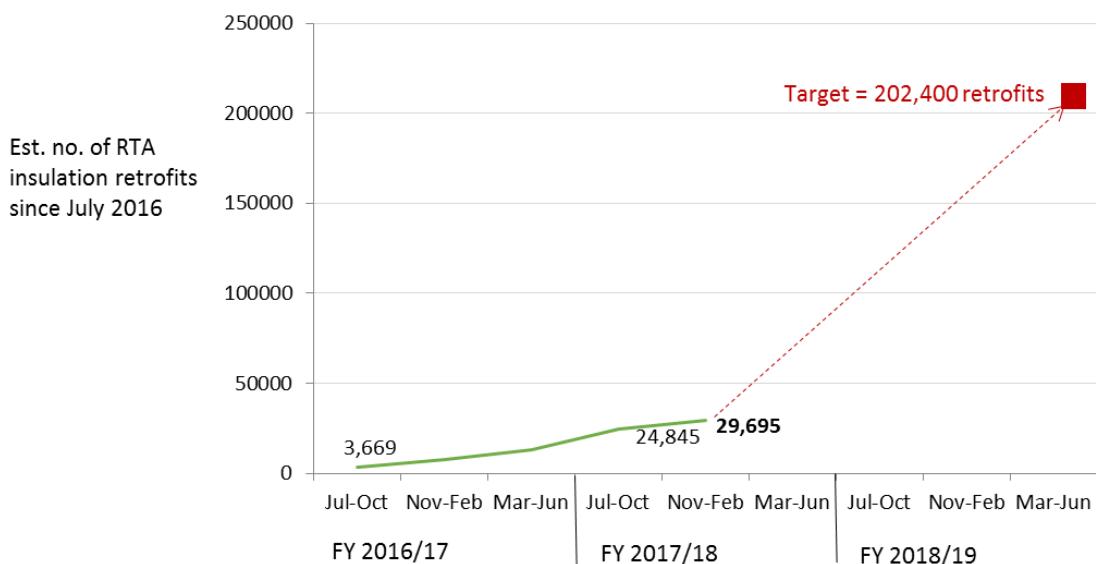
<sup>20</sup> Further details of this estimate, and estimates of baseline, are outlined in Appendix 4.

<sup>21</sup> Described in Appendix 3.

### Fewer insulation retrofits have been installed than anticipated

Levels of insulation installation are not as high as they need to be to achieve full compliance by the 1 July 2019 deadline. As Figure 2 demonstrates, of the 40 per cent (approximately 202,400<sup>22</sup>) of private rentals that required retrofits when the amendments were introduced, an estimated 29,695 (15 per cent) had been completed by end of February 2018.

*Figure 2: Estimated number of insulation retrofits completed by professionals and non-professionals since 1 July 2016.*



This estimate accounts for all installations, including those conducted by insulation professionals, general tradespeople and non-professionals (i.e. DIY). It is based on data reported by IAONZ, and the finding that approximately 58 per cent of insulation activity since mid-2016 was performed by professional insulation installers.<sup>23</sup> IAONZ is the industry body representing the majority of professional insulation installers in New Zealand.<sup>24</sup>

If the remaining estimated 172,700 properties require insulation retrofits before 2019, and if 50 per cent of property owners are likely to use insulation professionals to conduct these installations<sup>25</sup>, then there could be demand for up to approximately 65,000 professional installations per annum (calculated from 86,350 professional retrofits being required over the 16 months between March 2018 and end of June 2019).

IOANZ data shows that their members had completed 12,805 installations to RTA standards between 1 March 2017 and 28 February 2018.

<sup>22</sup> Refer to Appendix 4.

<sup>23</sup> MBIE Awareness and Compliance survey 2018. Retrieved from [www.mbie.govt.nz](http://www.mbie.govt.nz).

<sup>24</sup> This estimate may be conservative as it is based on the assumption that IAONZ members perform essentially all professional insulation installations. IAONZ's market share of professional insulation installers has not been independently verified.

<sup>25</sup> Findings from the MBIE Awareness and Compliance survey 2018. Retrieved from [www.mbie.govt.nz](http://www.mbie.govt.nz).

## 1.4 Intended outcome: Abandonment applications are submitted to the Tenancy Tribunal more quickly

Intended outcome	Indicator and desired trend	2017	2018
Abandonment applications are submitted to the Tenancy Tribunal more quickly	Decrease in length of <i>time from receipt of tenancy abandonment applications by MBIE to submission to the Tenancy Tribunal</i>	8 days via standard channel (down from 14) 2 days via expedited channel	7 days via standard channel 2 days via expedited channel

**Since 2017 MBIE has increased the speed with which it submits abandonment applications to the Tenancy Tribunal through the standard channel, and sustained pace via the expedited channel**

The RTA amendments in 2016 introduced a new expedited channel for processing tenancy abandonment applications that meet certain eligibility requirements. Applications that do not meet these requirements are still processed through a standard channel that existed prior to the amendments.

MBIE assessed the impact of the expedited channel on processing timeliness. The median number of business days between receipt of abandonment applications by MBIE and submission to the Tenancy Tribunal was compared between applications using the expedited channel and those using the standard channel before and after the expedited channel was available.<sup>26</sup> To provide a degree of standardisation among groups, only applications sent and resolved through the Tenancy Tribunal were included.

Only 18 percent of applications were processed through the expedited channel<sup>27</sup> making it more appropriate to interpret the impact of the RTA as the difference in timeliness between applications processed through the standard and expedited channels **after** the RTA amendments, recognising that this a conservative assessment of impact.

After the expedited channel was introduced, applications were processed through the expedited channel five business days faster than the standard channel.

There were no differences in processing times for cases going through the expedited channel for the 2017 reporting period and the 2018 reporting period (two business days for both periods).<sup>28</sup>

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<sup>26</sup> MBIE (2018) Processing times for abandonment cases following the standard and expedited channel. (Email correspondence).

<sup>27</sup> The expedited channel provides the opportunity for landlords to pursue property re-possession independent of other issues that may have arisen in the course of tenant abandonment, such as rent arrears or property damage. Some landlords may prefer to deal with these issues through a single process, even if that means it takes longer to regain possession.

<sup>28</sup> Medians were calculated from 164 cases received between 14 November 2017 and 28 February 2018 following the standard channel and 37 cases following the expedited channel. Differences in median processing times between cases following the standard channel from 1 July 2016 to 13 November 2017, and from 14 November 2017 to 28 February 2018 were similar (8 vs 7 business days). Note prior to the RTA amendments (before 1 July 2016), the median processing time was higher for cases following the standard channel (14 business days).

## Part Two: Results against long term outcomes

This section reports progress on the safety of rental properties from fire risk, as well as preliminary findings on warmth and dryness of private rental houses, and the return of abandoned properties to the market.

### 2.1 Intended outcome: Rental properties are safer from fire risk

**There is no updated information for the rate of fatal fires in rental properties since the new smoke alarm requirements**

We do not have updated information for March 2018.

### 2.2 Intended outcome: Rental properties are drier and easier to heat resulting in improved tenant health

Intended outcome	Indicator and desired trend	2017	2018
<b>Rental properties are drier and easier to heat, resulting in improved tenant health</b>	Increase in tenant perception of <i>dwelling warmth and dryness</i>	No data	<b>41%</b> of tenants who have spent a winter in their rental property 'always' or 'often' colder in winter than they would like
	Decrease in <i>extent of mould</i> in rental properties	No data	<b>41%</b> of tenants reported mould in their house

#### Just over two in five tenants believe their houses are cold and have mould

In 2018, we included new questions in our survey of landlords and tenants, on perceptions of cold and extent of mould. There is no pre-RTA amendment (baseline) information against which these results can be compared.

Tenants in private rentals were asked if their houses were colder than they would like in winter. Of those who had spent a winter in their rental, 41 per cent said it was 'always' or 'often' colder than they would like and 41 per cent of all tenants reported that there was mould growing in their house.<sup>29</sup> It is important to note these results are not independently verified.

This is the first monitoring period that we have collected this data. Future analysis should compare findings with other data sources (e.g. 2018 Census data, 2018 Pilot Housing survey data) to consider the reliability of this self-reported information.

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<sup>29</sup> These figures are sourced from the 2018 MBIE Awareness and Compliance survey. Residential Tenancies Act: Monitoring awareness of changes to insulation and smoke alarm requirements. Research report prepared by Gravitas Research and Strategy. Retrieved from [www.mbie.govt.nz](http://www.mbie.govt.nz)

## 2.3 Intended outcome: Abandoned rental properties are returned to market more quickly

Intended outcome	Indicator and desired trend	2017	2018
Abandoned rental properties are returned to market more quickly	Decrease in length of <i>time between tenant abandonment and landlord repossession of property</i>	<b>25 days</b> via standard channel (down from 34) <b>17 days</b> via expedited channel	<b>31 days</b> via standard channel <b>21 days</b> via expedited channel

**There has been an increase in the time taken to return property in abandonment cases in this reporting period**

The total number of business days from tenant abandonment of a property to repossession of the property by a landlord consists of three general phases:

1. The landlord confirms the property is abandoned and lodges an application to MBIE to re-possess the property.
2. MBIE processes the application and, where appropriate, forwards it to the Tenancy Tribunal.
3. The Tenancy Tribunal makes a decision and notifies the landlord, if and when, they are able to re-take possession of the property.

The expectation was that the new expedited channel would primarily act to reduce the length of time required to complete the second phase, and indeed the overall increase in timeliness closely parallels improvements to MBIE's processing time.

Prior to the RTA amendments (before 1 July 2016), the median processing time for cases following the standard channel was 34 business days.

For the 2017 period, the median processing times between cases following the standard channel was 25 days, and 17 days for the expedited channel. For the 2018 period, the median processing times between cases following the standard channel was 31 days, and 21 days for the expedited channel.

The increase in processing time is likely due to a change in process which resulted in landlords being informed that they were able to take possession of their property but cases not being closed on the computer software.<sup>30</sup>

It is also worth noting that the total number of abandonment cases has fallen markedly across both standard and expedited channels in this reporting period.<sup>31</sup>

<sup>30</sup> MBIE (2018). Personal communication with Tenancy Services.

<sup>31</sup> 34 per month in the 2017 reporting period versus 10 per month for the 2018 reporting period for the expedited channel; and 184 per month for the 2017 reporting period versus 46 per month for the standard channel. The proportion of cases being processed via the standard and expedited channel (82 per cent vs 18 per cent) remains similar to the previous reporting period (85 per cent vs 15 per cent).

## Part Three: Unintended consequences

This section monitors issues which were identified as having potential to arise, but are not a desired outcome of the RTA amendments.

### 3.1 Unintended consequence: Injuries and fatalities occur as a consequence of requirements to install insulation

Unintended outcome	Indicator and desired trend	2017	2018
Injuries and fatalities occur as a consequence of requirements to install insulation	No increase in the number of <i>accidents or deaths related to insulation activity</i>	≤ 3 fatalities or serious injuries	0 fatalities or serious injuries

We are monitoring this issue because of concerns arising from the deaths in Australia of four insulation installers, which led to a decision by the Australian government to stop an economic stimulus programme four months after commencement.<sup>32</sup>

The Accident Compensation Corporation (ACC) had record of three or fewer incidents resulting in fatalities or serious injuries where insulation was mentioned in the claim from January 2016 through October 2017.<sup>33</sup> The incident or incidents occurred in the 2016 calendar year; it is unclear whether they occurred before or after the RTA amendments were implemented mid-year. This rate of fatalities and serious injuries (one to three) was identical to that observed in the calendar years 2013, 2014 and 2015, indicating that the rate is not increasing.

In this measure, from November 2017 to the end of February 2018, there were no insulation installation fatalities reported.<sup>34</sup>

### 3.2 Unintended consequence: Tenants are prematurely evicted due to the streamlined abandonment process

Unintended outcome	Indicator and desired trend	2017	2018
Tenants are prematurely evicted due to the streamlined abandonment process	No complaints to Tenancy Services about premature eviction due to the streamlined abandonment process	0 complaints received	0 complaints received

MBIE's Housing and Tenancy Services has not received any formal complaints to date from tenants about being prematurely evicted due to the streamlined abandonment process introduced by the RTA (i.e. the expedited channel).<sup>35</sup>

<sup>32</sup> 2016 Cabinet paper, <http://www.mbie.govt.nz/publications-research/publications/housing-and-property/1982-15-16-residential-tenancies-regulations-soc-paper-redacted-watermark.pdf>

<sup>33</sup> ACC (2017). Email correspondence. (Unpublished). The exact number cannot be reported due to confidentiality reasons but is between one and three inclusive.

<sup>34</sup> ACC (2018). Email correspondence. (Unpublished).

<sup>35</sup> MBIE (2018). Email correspondence. (Unpublished).

## Appendix 1: Awareness and understanding

This appendix provides further information about the survey questions and design<sup>36</sup> used to gather the awareness and understanding results described in the body of this report.

### Results about awareness of the RTA amendments

A survey with landlords and tenants of private residential tenancies was run in May 2017 and repeated in March 2018.<sup>37</sup> They were asked the following question:

*How aware are you of recent changes to the Residential Tenancies Act around insulation requirements?*

They self-reported the following results:

*Table 1: Tenant and landlord self-reported awareness of insulation requirements*

<b>Self-reported awareness level</b>	<b>Tenants 2017 (%)</b>	<b>Tenants 2018 (%)</b>	<b>Landlords 2017 (%)</b>	<b>Landlords 2018 (%)</b>
	(n=1,077)	(n=1,044)	(n=1,039)	(n=987)
<b>Not at all aware</b>	42.5	42.7	11.4	10.7
<b>I have heard about them but do not know what they are</b>	43.3	39.3	37.4	29.8
<b>I understand the new requirements</b>	14.2	17.9	51.2	59.5

Note: Percentages may not sum to 100 per cent due to rounding.

In order to determine total levels of self-reported awareness, the percentage of respondents who reported they had heard about the changes but did not know what they were, were added to those who said they understood the new requirements, rounding to 57% for tenants and 89% for landlords.

### Results about understanding of the RTA amendments

In order to determine understanding of the RTA amendments, landlords and tenants were tested on their knowledge. There were differences in survey design between 2017 and 2018, meaning that 2017 data was reweighted to determine 2018 results. This is explained further below.

In 2018, **all** landlords and tenants were asked to indicate whether each of four statements about insulation requirements in rental properties was true or false:

- (i) *Landlords must insulate all walls, ceilings and underfloor of their tenanted properties.*
- (ii) *It is up to tenants to inspect a rental property for insulation before signing a tenancy agreement.*

<sup>36</sup> Landlord results between 2017 and 2018 cannot be directly compared due to changes in sample selection.

<sup>37</sup> Full details on method are included in the survey report.

- (iii) *All new tenancy agreements must state where, what and how much insulation is at the property.*
- (iv) *By July 2019 all tenanted properties must have insulation in the ceiling and underfloor where practical.*

Only those who had correctly answered statement iii) of the above statements were presented with the fifth statement as follows:

- (v) *Insulation statements need to be signed by the landlord and describe the type, age, location and condition of insulation in the walls, ceiling and floors*

In the 2017 survey, only the first four statements were asked and only to those who answered that they had heard of the new requirements (i.e. those who had answered “I understand the new requirements”). In order to compare 2017 and 2018 data, the 2017 results were weighted back to a base of all respondents. The results (in the table below) suggest that there is slight growth in tested understanding of the RTA amendments across tenants and landlords from 2017 to 2018.

*Table 2: Percentage of tenants and landlords who correctly answered insulation knowledge questions*

Question	Tenants 2017 (%) (n=1,077)	Tenants 2018 (%) (n=1,044)	Landlords 2017 (%) (n=1,039)	Landlords 2018 (%) (n=987)
<b><i>Landlords must insulate all walls, ceilings and underfloor of their tenanted properties (FALSE)</i></b>	5	5	29	32
<b><i>It is up to tenants to inspect a rental property for insulation before signing a tenancy agreement (FALSE)</i></b>	8	9	32	38
<b><i>All new tenancy agreements must state where, what and how much insulation is at the property (TRUE)</i></b>	11	16	39	49
<b><i>By July 2019 all tenanted properties must have insulation in the ceiling and underfloor where practical (TRUE)</i></b>	14	17	49	58

## Appendix 2: Estimated number of private rentals

The baseline estimate of private properties was calculated as follows:

Total rentals at 30 June 2016 <sup>38</sup> :	559,500
Minus social housing properties (number of vacant HNZ stock subtracted from managed stock) <sup>39</sup> :	-59,352
Equals estimated private rentals	= <b>500,148</b>

Stats NZ estimates that there were approximately 573,900 rental properties as at 30 June 2017<sup>40</sup>, the end of the first quarter after the MBIE Awareness and Compliance survey was conducted. The Ministry of Social Development reported 62,926 IRRS (income-related rent subsidy) tenancies as at 30 June 2017.<sup>41</sup> Subtracting 62,926 from 573,900 results in an estimated **510,974** private tenancies.

Stats NZ estimated that there were approximately 584,900 rental properties as at March 2018<sup>42</sup>, the first quarter end after the MBIE Awareness and Compliance survey was conducted. The Ministry of Social Development reported 63,970 IRRS (income-related rent subsidy) tenancies as at March 2018.<sup>43</sup> Subtracting the latter from the former results in an estimated **520,930** private tenancies at March 2018.

Calculations were performed with raw data and reported to the nearest percentage or 100 homes. The same data sources and method are used to calculate the total rental stock after 2016.

## Appendix 3: Estimated smoke alarm compliance

MBIE conducted a survey of 1,077 tenants of private residential tenancies in May 2017<sup>44</sup> in which tenants were asked:

*Does this property have at least one working smoke alarm fitted?*

The responses were as follows :

- A) Yes – **92 per cent**
- B) No – **6 per cent**
- C) I don't know – **2 per cent**

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<sup>38</sup> Stats NZ's Dwelling and Household estimates series

<sup>39</sup> <https://www.hnzc.co.nz/publications/housing-statistics-archive/>

<sup>40</sup> Stats NZ (2017). Dwelling and household estimates: June 2017 quarter. Retrieved from [www.stats.govt.nz](http://www.stats.govt.nz)

<sup>41</sup> Ministry of Social Development (2017). Social housing quarterly report: June 2017. Retrieved from [www.msd.govt.nz](http://www.msd.govt.nz)

<sup>42</sup> Stats NZ (2018). Dwelling and household estimates: March 2018 quarter. Retrieved from [www.stats.govt.nz](http://www.stats.govt.nz)

<sup>43</sup> Ministry of Social Development (2018). Social housing Quarterly Report: March 2018. Retrieved from [www.msd.govt.nz](http://www.msd.govt.nz)

<sup>44</sup> MBIE (2017). Residential Tenancies Act: Monitoring awareness of changes to insulation and smoke alarm requirements. Research report prepared by Gravitas Research and Strategy. Retrieved from [www.mbie.govt.nz](http://www.mbie.govt.nz)

The estimate of 94 per cent of tenants having at least one operational smoke alarm was arrived at by excluding the 2 per cent of respondents who did not know their smoke alarm status and recalculating the remaining percentages out of the new total.

MBIE conducted a survey of 1,044 tenants of private residential tenancies in March 2018<sup>45</sup> in which tenants were asked:

- A) *Does this property have at least one working smoke alarm fitted?*

The responses were as follows :

- A) Yes – **93 per cent**
- B) No – **5 per cent**
- C) I don't know – **2 per cent**

The estimate of 95 per cent of tenants in March 2018 having at least one operational smoke alarm was arrived at by excluding the 2 per cent of respondents who did not know their smoke alarm status and recalculating the remaining percentages out of the new total.

Taking the percentage of rental properties without a working smoke alarm ( $1 - 0.95$ ) and multiplying by the estimated number of private tenancies (520,930, as detailed in Appendix 2) results in an estimate of 28,646 private rental properties without a working smoke alarm.<sup>46</sup>

The survey conducted in March 2018 also asked tenants:

- B) *Are smoke alarms installed in, or close to, each room where someone sleeps in the property?*
- C) *Is there at least one on each level of your property?*

Combining questions A), B) and C) to tenants about the presence and placement of smoke alarms in their tenancies indicates 83 per cent of tenants said they have smoke alarms installed close to all rooms where people sleep and on all habitable floors. This is a self-reported measure of the extent of smoke alarm compliance by tenants excluding those who said 'don't know' to one of the relevant questions.

## Appendix 4: Estimated insulation compliance

### Estimate of baseline insulation compliance

The baseline proportion of private rental properties compliant or non-compliant with RTA standards was drawn from the HCS 2015 data<sup>47</sup>. These proportions – 60% compliant<sup>48</sup> and 40%

<sup>45</sup> MBIE (2018). Residential Tenancy Act: Monitoring awareness of changes to insulation and smoke alarm requirements. Research report prepared by Gravitas Research and Strategy. Retrieved from [www.mbie.govt.nz](http://www.mbie.govt.nz)

<sup>46</sup> In all cases calculations are performed using raw data to the greatest degree of precision known, and reported to the nearest whole number for percentages and nearest 100 homes for dwelling estimates. For this reason, final estimates do not necessarily follow from numbers as shown.

<sup>47</sup> White, V. and M. Jones. (2017). Warm, dry, healthy? Insights from the 2015 House Condition survey on insulation, ventilation, heating and mould in New Zealand houses. BRANZ study report. Retrieved from

[https://www.branz.co.nz/cms\\_show\\_download.php?id=50335e67bb00f3e0464097be1d4d71ac8a85f6bf](https://www.branz.co.nz/cms_show_download.php?id=50335e67bb00f3e0464097be1d4d71ac8a85f6bf) used with Custom BRANZ data on insulation status of inspected properties and Custom BRANZ data on errors associated with insulation status measures. [Data file, unpublished]

non-compliant – were applied to an estimate of the number of private rental properties in New Zealand in 2016.<sup>49</sup> Multiplying the estimated number of private rentals in 2016 (500,148) by the percentage of compliant homes as per the HCS 2015 (60%) results in an estimate of 297,700 compliant homes and 202,400 non-compliant homes in 2016.<sup>50</sup>

Note there are wide margins of error with these estimates as the number of private rental houses in the HCS 2015 was reasonably small (149 rentals from a total sample of 560 houses). It is estimated that the true number of non-compliant homes as of June 2016 lay between 155,500 and 249,300, at a 95 per cent confidence level.

#### *Compliance inferred from the HCS 2015*

Although the HCS 2015 did not specifically assess compliance with RTA standards, the details of the insulation placement, and thickness as collected in that survey provided the information needed to infer compliance.

#### **Estimates of insulation compliance 2017 and 2018**

IAONZ reported to MBIE that its members performed 17,223 insulation retrofits of private rental properties between July 2016 and March 2018. According to landlords in the MBIE Awareness and Compliance survey (2018), about 58 per cent of insulation activity since mid-2016 was performed by professional installers.<sup>51</sup> Assuming IAONZ members perform essentially all professional insulation installations, the total work completed by professionals and non-professionals through March 2018 would be 29,695 installations.<sup>52</sup> Subtracting this number from the estimated number of rental properties requiring insulation as at June 2016 results in an estimate of 172,700 rental properties requiring insulation as at March 2018.<sup>53</sup>

Note there are wide margins of error with these estimates; therefore the March 2018 estimate lies between 125,800 and 219,600 rental properties requiring insulation.

Dividing the estimated number of non-compliant rental properties by 520,900 private rental properties in 2018 (see Appendix 2) equates to an estimate of 33 per cent non-compliance or, conversely, an estimate of compliance of 67 per cent.

This compliance estimate is based in part on figures provided by the insulation industry body (IAONZ) that were not independently verified. As noted in the RTA Data Quality Review<sup>54</sup>, compliance estimates derived from tenant self-reporting were lower than the IAONZ-based estimate, and compliance estimates derived from landlord self-reporting were higher than the IAONZ-based estimate<sup>55</sup>, suggesting that the IAONZ-based estimate is within a plausible range.

<sup>48</sup> Compliant properties include those insulated to required standards and those not practicable to insulate.

<sup>49</sup> This estimate was calculated using the same method described in Appendix 2.

<sup>50</sup> Note original calculations were performed with raw data.

<sup>51</sup> This figure is sourced from the 2018 MBIE Awareness and Compliance survey. Residential Tenancies Act: Monitoring awareness of changes to insulation and smoke alarm requirements. Research report prepared by Gravitas Research and Strategy. Retrieved from [www.mbie.govt.nz](http://www.mbie.govt.nz)

<sup>52</sup> This is likely an underestimate, as not all professional installers may be members of IAONZ. This assumption was made in the absence of information about IAONZ professional insulation market share; an estimate of this quantity should be available from the 2018 MBIE Awareness and Compliance survey, leading to improved insulation activity estimates.

<sup>53</sup> This simple calculation assumes houses entering and exiting the rental market have similar insulation status. The further in time from house inspections this method is applied, the more tenuous this assumption will be.

<sup>54</sup> MBIE (2018). RTA Data Quality Review. (Unpublished).

<sup>55</sup> Insulation Association of New Zealand member survey quarterly returns. (Email correspondence)

