

19 February 2014

## State House WOF

Housing New Zealand properties are paid for by taxpayers and it is these taxpayers who will end up paying for any cost increases in providing HNZ tenants with accommodation.

While a rental property WOF appears to be a sensible idea, it will increase the cost of providing rental property, even when no improvements to the property are required.

If a WOF was applied to private rental properties it would be the tenants and owners who would end up paying for the regular inspections. Ask tenants if a WOF is a good idea and many may well say yes. But how many would still think it was a good idea if it meant an increase in their rental costs?

The New Zealand Property Investors' Federation (NZPIF) believes that a goal to increase the living standards of tenants is worthy, but question whether a widespread WOF is the best method of achieving this.

There is no doubt that some tenants live in cold and damp homes and this causes ill health. A blanket WOF system does not target the needs of these tenants, but adds an unnecessary cost to the majority of tenants who do not have any problems.

The health problems of low income tenants will not be fixed by the introduction of a rental property WOF. The members of Property Investors' Association affiliated to the NZPIF report that, even when they provide insulation to their rental properties, some tenants cannot afford the cost of power required to heat the homes, making the insulation useless. A WOF will increase their rent and make it even harder for them to heat their homes.

Rather than a blanket WOF on all rental properties, the NZPIF believes the focus should be on heating and insulation, as this will provide the greatest benefit to tenants in need. It will also save Government funds. An investigation by Motu Economic and Public Policy Research found that the Government saved \$5 for every \$1 spent on heating and insulation subsidies.

The NZPIF believes that the aim should be to ensure that homes are insulated without causing high rent increases. In addition low income tenants with health needs should be provided with extra financial assistance to help them overcome their inability to heat their homes.

This can be achieved by:

- Making the cost of insulation and heating for rental properties tax deductible
- Providing Government subsidised heating and insulation for properties rented by low income tenants
- Providing electricity vouchers over the winter months for low income tenants with health problems
- Including information pamphlets on how to keep homes warmer, dryer and ventilated, with all tenants' receipt letters from the Tenancy Bond Centre.