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**REPORT 7**  
*(1215/52/IM)*

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## **FUNDING FOR HEALTHY HOUSING PROJECT**

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### **1. Purpose of Report**

To seek the Committee's agreement to recommend to Council that it allocate the \$100,000 budgeted in the 2005/06 LTCCP for the Healthy Urban Housing Initiative, to the Wellington Healthy Homes Project. This project will conduct energy efficiency retrofits for low-income households in Wellington city.

### **2. Recommendations**

It is recommended that the Committee:

1. *Receive the information.*
2. *Note that in December 2004 Council agreed to allocate the \$102,000 from the Hutt Mana Energy Trust's capital to the Wellington Healthy Homes Project when it was established.*
3. *Note that in June 2005 Council agreed to allocate \$100,000 to the Healthy Urban Housing Initiative (C646), a public/private partnership led by the Wellington School of Medicine and Health Sciences, University of Otago, and involving up to 20 project/funding partners, when it was established.*
4. *Note that the Healthy Urban Housing Initiative failed to gain funding from the Partnerships for Excellence fund, administered through the Tertiary Education Commission.*
5. *Note that:*
  - a) *the Wellington Healthy Homes Project will conduct energy efficiency retrofits for low-income residents of Wellington city with the aim of improving the quality of life in those households*
  - b) *the project will target low-income private households both homeowners and tenants (with the landlord's consent)*
  - c) *the Sustainability Trust will lead the Wellington Healthy Homes Project for Wellington city.*
6. *Note that officers will assist the Sustainability Trust with locating and securing a suitable operational base and education centre for the duration of the programme dependent on the Trust obtaining appropriate Resource Consents.*

7. *Recommend that Council agree to allocate the \$100,000 budgeted for the Healthy Urban Housing Initiative (C646) to the Sustainability Trust towards implementation of the Wellington Healthy Homes Project.*

### **3. Background**

The Council agreed in December 2004 to allocate \$102,000, paid to the Council by the Hutt Mana Energy Trust, to implement a Wellington Healthy Homes Project. The project is designed to improve the health of low-income Wellington residents by conducting insulation and heating efficiency upgrades to their homes and providing education in energy efficiency. This funding is currently held on the balance sheet as a reserve, pending the completion of the proposed agreement with the Sustainability Trust.

In the 2005/06 Long Term Council Community Plan, the Council allocated \$100,000 (OPEX C646) to the Healthy Urban Housing Initiative (HUHI). This initiative was proposed by the Wellington School of Medicine and Health Sciences (University of Otago) and also involved the universities of Victoria, Massey and Auckland. The HUHI project aimed to establish a new social housing development in central Wellington, on land donated by private property owners on lower Vivian Street, to provide for up to 120 people who could rent, rent-to-buy, or purchase an apartment.

If successful, the HUHI project would have offered an opportunity to research innovative ways to meet modern social housing needs, both in terms of health (as it relates to the housing environment) and in terms of building design and performance. However, HUHI failed to gain funding from Partnerships for Excellence fund, administered through the Tertiary Education Commission. The \$100,000 that the Council allocated to HUHI remains unspent.

### **4. Discussion**

The Wellington Healthy Homes Project provides an opportunity for Council to show leadership in a partnership project that would enhance the quality of life for low-income Wellingtonians.

Many New Zealand homes are old, draughty and waste energy. Over a third of the total number of homes in the country were built before 1977, when insulation was not a requirement of the Building Code. These homes have little or no insulation and they are inefficient to heat. Approximately 30% of the average home energy bill is spent on heating. In an un-insulated house, nearly half of this heat is lost through the ceiling.

Various local authorities around New Zealand have partnered with EECA and other organisations to establish similar housing retrofit schemes<sup>1</sup>. The schemes have resulted in:

- health benefits for household occupants and health systems
- employment opportunities
- increased energy conservation
- increased economic development
- improvements to the overall community wellbeing
- improved education outcomes.

Health organisations, academics and Government agencies have conducted research on the impact of housing refurbishments, in particular, insulation retrofits. The research shows that improvements to the quality of housing and increased energy efficiency result in significant reductions in health problems of the occupants and helps reduce the number of sick-days that children and adults take from school and work respectively. These benefits are directly related to increases in average household temperatures as a result of the energy efficiency retrofits.

Large-scale, housing retrofit projects can also provide employment and training opportunities for the unemployed. In Manukau City, Work and Income New Zealand contracted 62 beneficiaries to assist with a housing retrofit project. WINZ reported that 58 of the 62 (94%) were still employed after the project was completed.

City Housing has been conducting insulation and heating efficiency upgrades to Council's stand-alone housing stock over the past three years. Sixty-seven standalone Council properties have been fully retrofitted and 30 other semi-detached units have been insulated. This project has resulted in upgraded City Housing stock and helped provide healthier homes and reduced energy costs for Council tenants.

Officers are now completing negotiations with the Sustainability Trust to manage the project. The Sustainability Trust is currently managing a similar healthy homes project in Porirua that has successfully upgraded 350 houses occupied by low-income households. It is envisaged that the project would be initiated early in the 2006/07 year assuming the funding arrangements with other organisations mentioned in section 4.4 (below) are finalised.

#### 4.1 *The Sustainability Trust*

The Council commissioned a scoping report by *The Property Group* to identified community organisations currently working in energy efficiency in Wellington who could act as potential partners for this initiative. After considering that report, officers requested that the Sustainability Trust submit a proposal for delivery of an insulation retrofit project.

The Porirua based Sustainability Trust has been active in urban sustainability over the past three years, offering targeted capacity building for sustainable development and

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<sup>1</sup> Manukau City, Wairarapa District, Nelson City, Waitakere City and Christchurch City have all initiated successful partnership programmes that conduct energy efficiency retrofits for low-income households. Hutt City is currently developing a housing retrofit project. EECA has contributed 25% of budget costs for each project.

delivering sustainable development projects within Porirua and Wellington City. It has also managed two EECA EnergyWise home grants insulation retrofit projects which resulted in over 400 warmer homes.

The Sustainability Trust charges a co-payment of \$267 (excl GST) to each client holding a Community Services Card. Eligibility for a Community Services Card is used as a measure of whether a household is a low-income household. This payment does not appear to have been a significant barrier to householders, with the Trust open to receiving payment in instalments. They will also be investigating the potential for establishing a fund to enable those very needy families to be able to access the programme should the co-payment prove to be a barrier. Based on the proposed 300-house project, this will bring in funding of \$80,000 (GST excl).

The Trust is currently working on a series of initiatives that include interventions at the community level in energy efficiency, transport, waste reduction, and localized food production. While the Trust is committed to delivering a successful retrofit project, they also propose that the retrofit project form the foundation for integrated sustainable development work in Wellington city.

#### 4.2 *Wellington Healthy Homes Project*

The key features of the Sustainability Trust proposal for the Wellington Healthy Homes Project fall into three broad project areas:

1. Development and delivery of the insulation retrofit project (Phase 1 & 2):

The standard “insulation retrofit project” as defined by EECA’s EnergyWise home grants programme includes ceiling and under floor insulation, a hot water cylinder wrap, door draught stopping, and some optional measures.

2. Development and Delivery of an education package for householders involved in the project (Phase 3 & 4):

- a. In-home education and recommendations for heating, ventilation, and methods to increase energy efficiency,
- b. Training of community champions and delivery of energy efficiency workshops.

3. Development and Delivery of a research project (Phase 3 & 4):

This component will explore two main areas:

- a. Qualitative and quantitative evaluation of pre- and post retrofit internal home environment,
- b. Potential for enrolment of the homeowner in a community sustainability upgrade programme.

The Sustainability Trust has also had discussions with the Environmental Studies Department at Victoria University of Wellington and the Wellington School of Medicine who may act as project partners and assist with design and delivery of this component.

There may also be opportunities for researchers attached to these organisations to undertake various research projects related to the Wellington Healthy Homes Project. This has the potential of some of the objectives of the HUI project being met.

The level of demand/take-up within Wellington city is difficult to quantify. The criteria to qualify for EECA funding include the property being pre-1977 and the household being eligible for a Community Services card. Applicants must be on a low to middle income to get a Community Services Card from Work and Income NZ. The maximum income depends on individual situations and ranges from \$20,916 (before tax) for a single person living with others to \$65,743 for a six person family. EECA generally use a household income of less than \$30,000 as a guide to eligibility.

There are approximately 44,000 pre-1980 dwellings in Wellington city (the closest Quotable Value sample) and 21% of Wellington's 61,812 households earned less than \$30,000 at the time of the 2001 Census. EECA are working on better measures of need but currently work from an assumption that many of those 12,980 low income households live in pre-1980 dwellings and would qualify for retrofit subsidies.

#### *4.3 Wellington City Council contribution*

The Council's contribution to the Wellington Healthy Homes Project will be a combination of seeding funds, provision of office space (probably in Newtown), assistance with communications and marketing and acting as project champion. The Council has not committed to the Sustainability Trust for ongoing funding for the Wellington Healthy Homes Project.

#### Funding

The Council will contribute the \$102,000 received from the Hutt Mana Trust and this report proposes that the \$100,000 allocated to the Healthy Urban Housing Initiative (C646) in 2005/06 also be allocated to the Wellington Healthy Homes Project.

#### Office and storage space

In order to effectively deliver on this project in Wellington city the Sustainability Trust would ideally have an operations base and materials storage space close to target properties. The Trust and Council officers have investigated the use of the "Eco House" located in Newtown as a potential operational base and Environment Centre for future Sustainability Trust projects in Wellington city. Other options are also being considered.

A secure storage space could potentially be provided within the City Housing portfolio at minimal cost and within operational budgets.

#### Communications and marketing

Officers have indicated to the Sustainability Trust that support will be provided for the development of a marketing and communications plan for the project.

#### *4.4 Other Partnership and Funding Opportunities*

Several organisations have shown active interest in funding and participating in the Healthy Homes Project to achieve their respective organisational goals.

The health organisations in Wellington, including the CCDHB, are interested in providing funding and other support for the project for two key benefits: improved physical and mental health for low-income housing occupants and commensurately reduced strain on the public health system. The CCDHB has allocated \$10,000 in the 2005/06 financial year towards set up costs of the project dependent only on the Council signing a formal agreement with the Sustainability Trust.

The Sustainability Trust will enter into a strategic partnership with EECA, which will guarantee that they will fund a minimum of 25% of the total project cost. EECA is interested in supporting energy efficiency schemes that contribute to community well-being and reduced energy consumption.

Work and Income New Zealand is particularly interested in the employment opportunities that arise from these retrofit projects. Based on other experiences, such as in Manukau City, WINZ has expressed interest in funding the majority of the labour component of the Healthy Homes Project.

Energy retailers have contributed funding to similar retrofit projects in New Zealand. In informal discussions with the Sustainability Trust and officers, local suppliers have expressed interest in funding the Wellington Healthy Homes project.

The Sustainability Trust and current project partners will develop a fundraising strategy and develop proposals in the near future. The Trust and project partners are committed to developing the retrofit project well beyond Year 1, and as such will be looking to secure funding partnerships for a minimum of three years.

## **5. Conclusion**

The Wellington Healthy Homes Project allows for the Council, central Government agencies, businesses and non-government organisations to share skills and resources to meet the common goal of improving the quality of life for Wellington residents. This project will support Council's sustainable development strategic outcomes and demonstrate Council's commitment to low-income households. The retrofits will produce healthier living conditions in these households and improve the quality of life for the occupants and the wider Wellington community.

The \$102,000 from the 2004 distribution of Hutt Mana Energy Trust assets is currently allocated to the Wellington Healthy Homes Project. Council allocated \$100,000 (C646) in 2005/06 to the Healthy Urban Housing Initiative which has not gone ahead due to lack of central Government funding. The Wellington Healthy Homes Project can deliver some of the aims of the Healthy Urban Housing Initiative and this paper recommends that Council allocates to the Project the \$100,000 from C646.

*Report written by: Peter Hunter, Senior Housing Adviser*

## Supporting Information

### 1) Fit with Strategic Objectives/Strategic Outcomes

The Wellington Healthy Homes Project supports the following strategic outcomes:

- **Outcome 1: More Liveable** - Wellington will be a great place to live, work and play, offering a stimulating and high quality range of community amenities and services, including affordable housing.
- **Outcome 10: Healthier** – Wellington’s population will enjoy a healthy lifestyle and high standards of public health.
- **Outcome 8: More Sustainable** – Wellington will reduce its environmental impact by making efficient use of energy, water, land and other resources; shifting towards renewable energy resources; conserving resources; and minimising waste.

The project also relates to the follow priority action areas:

- **Priority 6 – Energy/Water** - The Council will increase its promotion of water and energy efficiency and conservation, energy security, and the use of renewable sources, and it will take amore active leadership role in these areas.
- **Priority 19 – Partnership with stakeholders** – The Council will strengthen its partnerships with stakeholders to increase environmental awareness, community participation and the achievement of environmental goals.

### 2) LTCCP/Annual Plan reference and long term financial impact

There are no annual plan implications in this paper.

### 3) Treaty of Waitangi considerations

There are no Treaty of Waitangi implications to consider in this submission.

### 4) Decision-Making

This is not a significant decision.

### 5) Consultation

#### a) General Consultation

Discussions with relevant Council officers.

#### b) Consultation with Maori

Not applicable.

### 6) Legal Implications

Council’s legal advisors have prepared the agreement with the Sustainability Trust. There are no immediate legal implications in this paper.

### 7) Consistency with existing policy

This is consistent with existing policy.