

HEALTHY HOMES INITIATIVE

1. Purpose

To seek the approval for Council's involvement in marketing and promoting the existing healthy homes programmes in Wellington to increase the number of insulation and clean-heat retrofits occurring in the city.

2. Executive summary

The Council has had previous involvement with developing an insulation retrofitting initiative (commonly referred to as 'healthy homes'). This involvement included contributing \$200,000 in funding (spent across 06/07 and 07/08), contracting the Sustainability Trust and securing external funding from EECA and other parties. The Council's 2007 Climate Change Action Plan signalled that further opportunities relating to healthy homes would be explored as part of the 2009/19 LTCCP.

A Mayoral luncheon in November 2008 discussed the Council's potential role in delivering a larger-scale healthy homes programme. The Mayor and Chief Executive agreed to officers undertaking further work. There are currently four external service providers providing government-subsidised retrofits in Wellington to around 700 to 1000 homes per annum.

Despite some of this independent positive work, the scale of the current response is not meeting the scale of the problem. It is recommended that the Council assist with marketing and promotions for existing schemes as well as helping the Energy Efficiency and Conservation Authority (EECA) leverage external funding. The aim of this approach is to make existing programmes more visible and stimulate uptake of retrofits. Further details of this role are discussed in section 5.4.

This proposal requests an additional \$35,000 each year for the next three years for marketing and promoting existing programmes. The funding could potentially be offset with contributions from other cities if the promotion is through regional media. The funding would be for:

- marketing and promotion through existing Council publications and other communication channels (e.g. website)
- marketing through print and radio.

In addition, the Council would facilitate discussions around third- party funding opportunities.

Nationally, the Government has signalled it is looking at options for insulation and clean-heat retrofits as one of the infrastructure investments linked to the economic stimulus package. EECA has also signalled a willingness to work more closely with local government in delivering retrofitting schemes. It is recommended that the Council continue to work pro-actively with the Government to identify future opportunities for collaboration and partnership.

3. Background

The Council has previously been involved with developing insulation and clean-heat retrofit initiatives in Wellington. In 2004, the Council allocated \$200,000 in seed- funding to establish up a healthy homes programme in Wellington. The Council assisted in contract negotiations with EECA and identified the Sustainability Trust ('the Trust') as the lead service provider. The Council funding was used during the 2006/07 and 2007/08 years and since then, no further Council funding has been allocated. The Trust still provides home retrofits and the Council provides \$45,000 per annum¹ to them through a grant contract (through to June 2011) to support a range of sustainability initiatives in the community. Investigating a larger-scale healthy homes programme as part of the LTCCP is part of the Council's Climate Change Action Plan, agreed to in December 2007.

Currently, there are four service providers (including the Trust) that have EECA contracts that serve Wellington residents. Around 700 to 1,000 Wellington homes should receive a home retrofit linked to an EECA programme in 2008/09 from one of these four service providers.

A Mayoral luncheon in November 2008 discussed the Council's potential role in helping to deliver insulation and energy-efficient heating retrofits to Wellington households. The Mayor and Chief Executive agreed that officers should conduct further work into the Council's potential role in delivering a larger-scale healthy homes programme for Wellington.

Nationally, the Government is looking at options for investing in insulation and clean heat retrofits as one of the infrastructure investments linked to the economic stimulus package.

4. Discussion

5.1 Scale of the problem in Wellington

There are approximately 70,000 residential dwellings in Wellington. Using national statistics as a guide, an estimated 44,000 homes in Wellington (62.5%) could have inadequate insulation. The Council conducted an online engagement survey in August 2008 with residents to learn more about Wellington's houses

¹ This grant funding is provided for the delivery of the Trust's core services, one of which being the insulation retrofits. The contract does not stipulate a dollar figure for the retrofits but does set a target of 250 homes for the 2008/09 year with costs being affordable and subsidy levels clearly reported.

and whether people perceive there to be a role for the Council in addressing poor quality insulation. Some key findings include

- almost three-quarters of respondents' homes were built before 1978 (1978 was the first year homes were required to have insulation)
- almost half the respondents find their homes difficult to heat and face high heating costs
- within Council's role respondents would support programmes that bulk purchased insulation materials and sold them at a discounted rate
- the responsibility for insulation rests overwhelmingly with homeowners
- to the extent that respondents thought that Council had a role in addressing poor insulation in houses, they stated it was:
 - o regulation (ensure all new houses meet heating standards)
 - o advocacy (petition the government to play a more active role)
 - o education (provide information about how to install insulation).

5.2 Common elements of other programmes operating in New Zealand

In recent years, several insulation and/or clean-heat programmes have been developed in regions and cities across New Zealand including Southland, Otago, Wairarapa, Nelson City, Canterbury, Waitemata and New Plymouth. Proposals for large-scale retrofit programmes are also under development for Dunedin and Waitakere City.

These programmes often have different drivers (e.g. the Canterbury programme's driver is to improve air quality) but the end result is always a warmer home with improved insulation. The programmes tend to have some common components:

- households pay for part of the retrofit costs (share depends on income level)
- EECA and other 3rd party funding sources are used to subsidise retrofit costs
- the presence of a project champion(s) that galvanise community support
- 'bulk purchasing' drives down the costs of products and labour
- a focus on community engagement
- availability of loan options for households, usually organised through a finance company.

5.3 Options

Several options and roles for the Council were investigated in order to facilitate a more coordinated approach to home insulation upgrades in Wellington, which include:

Option 1 - Enhancing profile of existing schemes: working with service providers to deliver a targeted marketing and promotion programme to maintain and stimulate uptake. Additional marketing resources would likely be required for radio advertisements, newspaper advertisements and open days. In addition, the Council could assist with leveraging funding from 3rd parties.

Option 2 – Coordinator and/or project manager: In addition to the roles identified in option 1, the Council could act as the project manager and key point of contact for a large-scale Wellington programme. This would involve developing EECA contracts, developing RFPs, ensuring local service providers are accommodated, bringing together various stakeholders in order to deliver a more effective retrofit response, customer service.

Option 3 – Coordinator and funder: In addition to options 1 and 2, the Council could contribute direct funding towards the programme through rates or reprioritisation of existing resources.

Option 4 – Providing loans to households: In addition to options 1 and 2 (and potentially 3) the Council could issue loans to households for the retrofit costs with households making loan re-payments over a specified time.

5.4 Proposed approach and Council role

Despite some positive work relating to retrofits in the city, there is potential for Wellington's existing programmes to be more far-reaching, well-known and effective. In order to provide better outcomes for Wellington residents, it is recommended that Councillors agree to the approach outlined in Option 1. This role would involve the Council acting as a project champion: using existing and new marketing channels to increase visibility and assisting EECA and other service providers with leveraging external funding. This would require additional Council funding of \$35,000 for additional marketing and promotion each year over the next three years.

Option 2 was closely considered but following recent discussions with EECA, both parties agreed that the Council's initial focus should be on promoting existing programmes. Providing direct funding towards retrofits (Option 3) is not viewed as an affordable option in the current financial context. Similarly, the role of lender (Option 4) is not considered to be appropriate and/or best use of Council resources.

5.4.1 EECA funding, Government position and links to economic stimulus package

The Prime Minister and Energy Minister have both signalled that the Government is looking to increase investment in insulation because of the benefits it provides relating to job creation, health outcomes and reducing greenhouse gas emissions.

EECA has stated an eagerness to work more closely with local government in delivering retrofitting schemes, particularly in respect to using targeted rates² to pay back loans. It is recommended that the Council continue working with EECA to identify the best ways to deliver insulation and clean heat retrofitting to our community. This work would be aligned to any upcoming Government announcements relating to household retrofitting.

5.5 Next steps

If Council agrees to proceed with this proposal, the initiative would be incorporated as a new initiative or priority action to be included in the draft LTCCP. The proposal would be consulted on as part of the draft LTCCP package with particular focus on:

- developing a plan with EECA and service providers to leverage 3rd party funding
- developing a marketing plan with EECA and service providers
- adding material to our website
- continue to work with EECA to identify what the most efficient avenue is to deliver retrofits to the Wellington Community.

² A targeted rate is a specific levy towards a specific rateable property. The funds gathered from the levy must be used for a specific purpose. In this case, the levy would be used to pay back the cost of an insulation retrofit including any interest.

5. Conclusion

The Council can take a more active role in helping existing service providers and EECA to deliver home retrofits in the Wellington City area. It is proposed that the Council act as a champion for existing programmes, which would involve marketing, promotions and assisting EECA in bringing in key funding partners.

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