

Hi,

Re: Proposed Residential Tenancies Regulations 2020

Thank you for your work in developing the Proposed Residential Tenancies Regulations 2020. This work builds upon Victoria's leadership in updating tenancy legislation to better meet the needs of a growing cohort of people who rent. As a community of renters working together for stable, affordable, and healthy homes, Better Renting is committed to rental regulations that address the current power imbalance between landlords and the people who rent their homes.

In particular, we are interested in regulations that will ensure that people who rent can have a healthy home. We discuss this matter below in relation to minimum standards. Further, we are aware of many renters facing discrimination and violations of their privacy when applying for properties, and we make suggestions for options to address this.

Thank you for the opportunity to take part in this consultation, and we look forward to collaborating towards a future where renting in Victoria is a genuine alternative to home ownership.

Regards,

Joel Dignam
Executive Director
Better Renting



Minimum standards

The objective of minimum standards should be to ensure that people who are paying money to rent their home can be confident that, amongst other things, it will provide shelter and support their health. Yet the proposed minimum standards would leave many Victorian renters living in a home that makes them sick. The regulations thus fail to ensure that rental homes are safe.

The minimum standards should include the implementation of ceiling insulation as soon as possible. In numerous studies, the retrofitting of ceiling insulation has been linked to improved health, indicated by lower usage of medication, fewer hospital admissions, and less time away from work or school.ⁱ

The standards should also require energy-efficient window treatments. While window treatments are cursorily covered in relation to privacy, a window treatment may provide privacy while making minimal difference to thermal comfort (for example, horizontal metal blinds). The standard should thus go further to assist with limiting heat loss via windows in winter, and heat gain in summer.

The standards should also make the residential rental provider responsible for the sealing of cracks or draughts in order to make the property draught proof. This would assist with preventing the ingress of cold air during winter, or hot air during summer. It is arguably the most cost-effective way of improving the thermal safety of a rental property.ⁱⁱ The current proposal merely to *permit* tenants to seal draughts (only in some situations) is grossly inadequate.



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The proposal regarding fixed energy-efficient heaters is more promising and, indeed, seems to be the only attempt to support people who rent to maintain healthy indoor temperatures. We are supportive of a move away from inefficient radiant electric heaters and towards efficient heat pumps. We also acknowledge that the policy should lead to a phased uptake of efficient appliances: it would be wasteful for residential rental providers to be discarding appliances during their useful life simply because they were slightly less efficient than the threshold.

The standard should include cooling

However, we believe that the standard should also include cooling. Heatwaves are the most deadly natural disasters in Australiaⁱⁱⁱ, and this risk is increasing due to climate change^{iv}. Air conditioning has been shown to be one of, if not the, most effective interventions to reduce heatwave mortality.^v With modern heat pump technology, it's no more expensive to install a reverse-cycle system capable of heating *and* cooling. This should be the standard, and it would go a long way towards improving climate resilience and health more broadly.

Given the need for cooling, gas appliances should not be included in the standard. Residential rental providers would still be free to provide gas heaters if they desired, but properties must still have the more efficient and versatile option of a reverse-cycle heat pump.

The standard should specify a higher star rating

The proposed regulations specify a minimum 2 star rating for heat pumps. This specification would lead to numerous regrettable outcomes. Instead, we suggest a 4 star rating.



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Firstly, a 2 star rating specification would result in appliances that are less energy efficient. Self-evidently, this would mean that tenants would have to pay more to achieve the same level of thermal comfort. But also, it would mean that tenants are less likely to be able to achieve a safe level of thermal comfort. The extra costs would discourage some tenants from using the appliance, denying them any benefit. Some tenants might use the 2-star appliance, but in the absence of other measures such as draught-proofing and ceiling insulation the appliance may struggle to provide adequate warmth or coolth.

Further, a minimum standard of 2 stars may result in residential rental providers purchasing and self-installing window units (“window rattlers”). This gives rise to associated problems. Compared to a wall-mounted system, a window rattler is more likely to create problems such as draughts, noise, and possible safety risks from electrical connections or loose cables. While we are not suggesting preventing the installation of window rattlers, it seems highly risky for the Victorian Government to nudge residential rental providers towards installing such systems instead of systems that are more efficient and also more likely to be safely and professionally installed.

As such, 2 stars would create a host of problems in addition to comparatively low energy-efficiency. As a result, we believe that at least 3 stars is suitable. And it turns out that a 4 star system is only marginally more expensive, if at all, than a 3 star system. Given this, a specification of 4 star minimum (for new heat pumps) would capture the energy efficiency benefits while avoiding the problems associated with 2 star window rattlers. This would benefit the tenant and also improve grid resilience during heatwaves.^{vi}



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However, residential rental providers who already have a heat pump with a star rating below 4 should not be required to proactively replace the heat pump with a more efficient model at this point. While inefficient heating solutions should be proactively replaced, replacement of moderately-efficient options should only be required as they fail.

Improving health, safety, and energy affordability

The standard should also require LED lights as a feature in rental properties. While this will not directly address the risks of unhealthy indoor temperatures, it will reduce energy costs. Particularly for low-income households, this will improve their capacity to meet the costs of keeping their home at a healthy temperature in both summer and winter. Similarly, a requirement for energy efficient hot water systems would assist with reducing utility costs and help to reduce fuel poverty.

Moves to target mould and damp will also assist with preventing disease.^{vii} We support the expansion of “urgent repairs” to cover the remediation of mould or damp caused or related to the building structure. However, this is likely to give rise to ambiguity and also neglects the opportunity to promote preventative measures. As such, we suggest a minimum ventilation requirement. The requirement could be phrased as specific actions, such as a requirement for exhaust fans in bathrooms and kitchens. Alternatively, it could be designed to require a specific outcome, such as “ventilation must be adequate to prevent the development of mould from ordinary household activities.”



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Regulations to protect privacy and reduce discrimination

We support the intent of proposed regulations to prevent residential rental providers from requiring certain disclosures as part of the application process. We agree with the five points listed.

However, while this is a start, it is insufficient to preserve tenant privacy and reduce the potential for discrimination. For example, landlords can still ask about various attributes that are protected personal characteristics: this could easily support, or be seen to support, discrimination.

Ultimately, the Victorian Government should enforce the usage of a standard application form that only asks for what is needed to establish a secure and sustainable tenancy. In the meanwhile, we suggest the prohibition of these further areas of enquiry:

- Why the tenant has left the previous property;
- Whether the tenant plans to use a bond loan;
- The duration of tenure at the previous property;
- Whether the tenant is applying for other properties;
- Whether the tenant has a pet;
- Whether the tenant has any children;
- The tenant's nationality, citizenship status, or marital status; and
- The offered rent for the property (The rent should be taken as what was advertised. The option to offer a higher rent in the application process, and the fact that applicants are aware that other applicants also have this option, gives rise to rent-bidding.)



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Citations

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- vi ACIL Allen Consulting, *Multiple Impacts of Household Energy Efficiency*. 2017.
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