



Healthy Homes for Renters

Healthy Homes for Renters is a campaign of over ninety Australian organisations—is calling for every state and territory government to commit to implement minimum energy efficiency requirements for rental properties, based on the forthcoming national framework, by the end of 2025.

Who we are and why we exist

In late 2019, Australia's energy ministers agreed to the *Addendum to the Trajectory for Low Energy Buildings Existing Buildings*.¹ This included the establishment of a national framework for minimum energy efficiency requirements for rental properties, to enable implementation of requirements by the end of 2025. This agreement did not, however, include firm commitments to such implementation of requirements.

Healthy Homes for Renters is a collaborative campaign involving over ninety supporter organisations from across Australia. We are calling on state and territory governments to commit to the implementation of minimum energy efficiency standards for rental properties.

What does implementation involve?

Implementing minimum standards would require amending residential tenancies legislation to introduce a head of power by which the Executive may make regulations for minimum energy efficiency standards. This has already been done in the ACT², Victoria³, and Queensland⁴.

The standards would then be specified in regulation. This could be a *performance* standard by which rental properties must be assessed to meet a specific level (comparable to the NatHERS standard for new buildings). Or it could be a *features based* standard whereby properties must have specific features, such as R4 ceiling insulation. These different approaches will be reviewed as part of the development of

¹ COAG Energy Council, 2019, *Addendum to the Trajectory for Low Energy Buildings Existing Buildings*.

² Section 136 (2) (d)

³ Section 511 (1) (ac)

⁴ Section 17A (3) (k)

the national framework currently under development. Individual jurisdictions would also do their own analysis of regulator impacts, likely involving stakeholder consultation.

Why do minimum standards matter?

Australian rental properties aren't healthy to live in. Australian homes, on average, have low energy performance, and rental homes are especially affected.⁵ This means that people who rent are more exposed to the heat of summer and the cold of winter. This is bad for health, especially for people with pre-existing health conditions, children, and older renters. It also pushes up energy costs, a particular challenge for low-income renters.

This problem arises because renters cannot improve their homes, and property investors are not investing in energy efficiency. This problem endures despite failed attempts by past governments to encourage property investors to make energy efficiency retrofits.

It is time for bold leadership to implement minimum energy efficiency requirements for rental properties across Australia, following the examples of similar schemes recently introduced in the UK⁶ and New Zealand⁷.

What do we want?

We want state and territory governments to commit to implement minimum energy efficiency requirements for rental properties, based on the forthcoming National Framework, by the end of 2025.

It's important that a scheme is:

- **Mandatory**. A voluntary or incentive-based scheme will not drive change. In particular, it will mean that poor-performing properties remain in the market, where they are more likely to be occupied by vulnerable tenants, who would continue to suffer from worse health and energy poverty.
- **Enforceable**. Australia's private rental sector has a large proportion of amateur landlords who are less likely than large corporate landlords to know about and comply with law changes. Regulations must be enforced to ensure compliance and so the burden of enforcement is not left on vulnerable tenants.

⁵ Environment Victoria, 2017, *Bringing rental homes up to scratch*.

⁶ UK Government, 2017, *Domestic private rented property: minimum energy efficiency standards and landlord guidance*.

⁷ Ministry of Housing and Urban Development, *Healthy homes standards*

- **Inclusive.** The scheme should cover social and private rental, so that everyone can be assured a healthy home. Governments should provide additional funding for public and community housing so that standards can be met without having to compromise other areas of operation.

What are the benefits?

Minimum energy efficiency standards are popular. They will result in better public health, lower household bills, and job creation.

Minimum energy efficiency standards are popular. In June 2021 we commissioned Essential Research who polled 1,104 respondents around Australia. The report found 69% of respondents somewhat or strongly support the introduction of nation-wide minimum health and safety standards- basic features that ensure renters can efficiently and affordably keep their home warm or cool- including a majority of investment property owners.⁸

Minimum energy efficiency standards make people healthier. More people die of cold in Australia than in Sweden,⁹ primarily due to poor household energy efficiency. Researchers in NZ and Scotland have assessed the health benefits of energy efficiency retrofits such as insulation.¹⁰ They find that these changes reduce hospitalisations, the usage of medication, and cut down sick days. These health benefits dwarf any implementation costs.

Minimum energy efficiency standards reduce household bills. People are driving up their bills trying to stay cool in summer or warm in winter. This is particularly hard for low-income households who spend a greater proportion of their limited income on utilities and are more likely to be renters. By making it cheaper to cool or warm a house, this policy will enable more households to keep their home healthy at a reduced cost.

⁸ Essential Report June 2021 {HYPERLINK

"<https://www.healthyhomes.org.au/news/essential-poll-shows-widespread-support-for-minimum-standards-for-rentals>"\h }

⁹ Gasparrini et al., 2015, *Mortality risk attributable to high and low ambient temperature: a multicountry observational study*.

¹⁰ Chapman, R, P Howder, Chapman, H Viggers, D O'Dea, and M Kennedy. "Retrofitting Houses with Insulation: A Cost-Benefit Analysis of a Randomised Community Trial." *Journal of Epidemiology and Community Health* 63, no. 4 (March 18, 2009): 271 LP- 277; Lloyd, E L, C McCormack, M McKeever, and M Syme. "The Effect of Improving the Thermal Quality of Cold Housing on Blood Pressure and General Health: A Research Note." *Journal of Epidemiology and Community Health* 62, no. 9 (August 13, 2008): 793 LP- 797.

Minimum energy efficiency standards create jobs. Investment in energy efficiency is a jobs multiplier. Firstly, people are directly employed in delivering retrofits. Secondly, the household savings from energy efficiency support spending in other parts of the economy, creating other jobs.¹¹ The International Energy Agency estimates that up to 30 jobs are created for every \$1 million spent on energy efficiency for existing buildings.¹²

These are just some of the benefits of household energy efficiency. Other potential benefits include reduced climate emissions, reduced air pollution, and deferred electricity network investment.¹³

What is happening around the country?

Victoria is already implementing minimum energy efficiency standards. They are phasing-in a requirement for energy-efficient heating appliances. They are also working on new standards around ceiling insulation and hot water systems.

The ACT has recently published a RIS and plans to have regulations come into effect from mid-2022.

FAQ

What would the cost per household be?

Retrofit costs would vary from household to household. Initial low-level standards might require measures like:

- energy-efficient heating and cooling,
- reducing draughts by sealing up cracks and gaps,
- improving the building envelope to reduce heat loss in winter and heat gain in summer, &
- improving appliance efficiency.

These measures would cost roughly \$4000 per household. This cost could be defrayed through funding and/or finance.

Would this lead to rent increases?

Rents are set at a level based on supply and demand and reflecting the relative amenity of the rental property. Minimum rental standards will increase the supply of liveable rental properties. This will reduce the scarcity premium and make rents more affordable. For example, if energy-efficient air conditioners become ubiquitous in rental properties, renters would no longer be willing to pay more rent for them.

¹¹ Environment Victoria, 2015, *Six Steps to Efficiency Leadership*.

¹² IEA, 2020, *Sustainable Recovery*.

¹³ ACIL Allen, 2017, *Multiple impacts of household energy efficiency: An assessment framework*.

In the early stages of implementation, some lessors could increase rents where they have improved the amenity or market value of their property relative to others. Analysis of other overseas jurisdictions suggests that even in these cases tenants are better off due to reduced cost of living expenses and improved health and wellbeing. Community, social sector, and tenancy organisations are strongly supportive of this measure.