

July 2019

Renters at risk without minimum efficiency standards

The passing of the Victorian *Residential Tenancies Amendment Act* in 2018 enables the establishment of mandatory minimum standards, which have the capacity to include energy and water efficiency requirements.

The new Act is an opportunity for workable, practical standards to be put in place to benefit tenants and minimise cost to landlords.

Raising energy efficiency performance in rental homes, which represent more than 1 in 3 of Victoria's residential buildings, will substantially reduce the cost of living and health risks faced by tenants living in poor quality homes, and offer significant low-cost emission reduction 'opportunities'.

Inefficient homes are little better than glorified tents – dangerously hot in summer and freezing in winter – or else cost a fortune in energy bills to keep comfortable. With rental properties representing around one quarter of Victoria's housing stock and more people, including families, renting long-term, poor-housing quality can no longer be dismissed as a minor or temporary problem. If we don't act to improve rental home efficiency, we are also missing cost-effective opportunities for cutting greenhouse pollution and reducing peak demand to avoid blackouts.

While many landlords do the right thing by their tenants, we know from experience that most do not take advantage of efficiency programs even when they are free.

For these landlords, investing in efficiency measures like insulation or draught-sealing is just not a priority because they get no benefit: it's the tenants who end up with the lower bills and better living conditions.

The only way to shield Victoria's 1.2 million renters from the health and affordability risks of inefficient homes is to set minimum standards for health, safety and efficiency.

Implementing minimum standards will deliver social, economic, environmental and energy security benefits that vastly outweigh the potential for adverse consequences (on rent or housing supply), which can be managed through a well-designed, staged implementation process.

Setting standards at an achievable level and flagging compliance dates well in advance would allow landlords to spread upgrades over several years, thus minimising pressure on rents. Responsible landlords who already recognise the benefits of keeping their properties in good condition are likely to find minimum standards easy to meet.

Delivering these standards will help tackle energy hardship and housing unaffordability problems and rising health and concession costs. Standards are not a new concept – previous regulations governing rental properties were allowed to lapse in the 1990s, leaving a critical gap in Victoria's regulatory framework.

A tale of two Christmases

Christmas day 2016 was a scorcher, but it was a 'tale of two Christmases' depending on the house you live in.

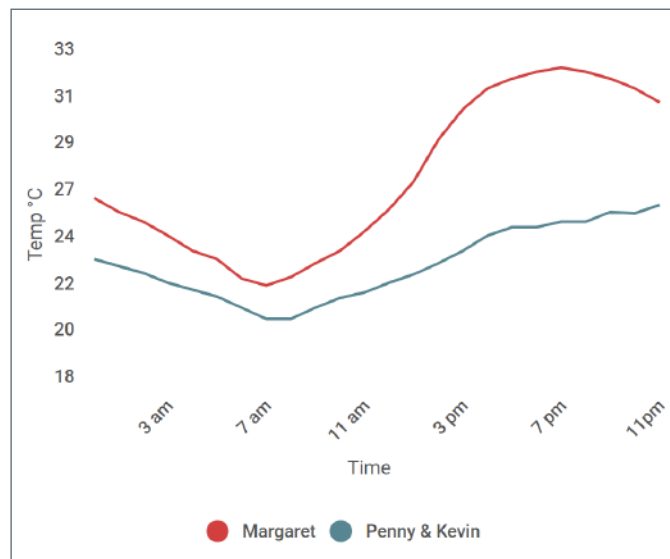
Margaret and her daughter, who live in an under-insulated rental home in Balwyn, had a house full of guests putting up with 33-degree heat by the time Christmas lunch was finished – and that was even without using the oven.

"It's just exhausting not being able to sleep or eat because of the heat, and living with freezer blocks on your tummy and wet towels draped around your head is not terribly conducive to socialising," Margaret says of her Christmas day.

Meanwhile, just a few kilometres away, Penny and Kevin's similar brick veneer house was a comfortable 25 degrees inside on Christmas day – 11 degrees cooler than outside!



ABOVE: MARGARET LIVES IN AN UNINSULATED HOME IN BALWYN



ABOVE: TEMPERATURES INSIDE MARGARET'S HOME (RED) COMPARED WITH PENNY AND KEVIN'S (BLUE), CHRISTMAS DAY 2016.

The difference? Penny and Kevin's house has basic efficiency measures like insulation, window-shading and draught-sealing. (See graph above comparing the two homes.)

"I feel so annoyed that the landlord offered to install an air-conditioner but refuses to spend money on sensible things like insulation that would make the place more comfortable and avoid the need for costly heating and cooling in the first place," Margaret says.

"And of course I'm worried about climate change and emissions as well. I don't want to be running the heater or air-conditioner all day if I know all that energy is just blowing straight out the roof."

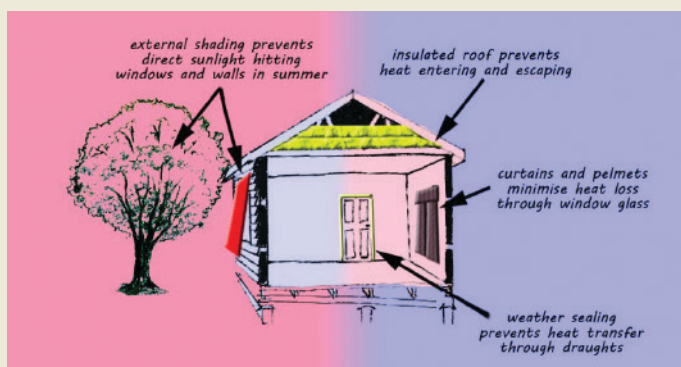
What makes an efficient home?

We know from Sustainability Victoria research that basic, cost-effective measures such as insulation, draught-sealing, low-flow shower-heads and efficient lighting will make a substantial difference to most homes.

These basic measures all have a less than 10 year payback period.

Summer

Winter



Renters in their own words

“ On hot days we often hang survival blankets and shade-cloth over the windows to stop the heat. It means living in the dark, but it's better than cooking in a glasshouse... after a couple of hot days the house becomes unliveable.

Arnold, Brunswick West

“ Coming from a cold country (Sweden), I thought I knew what cold was. I was wrong. It's truly remarkable that Victorians accept these conditions.

Aaron, Sweden

“ Our house is so poorly insulated that it's basically uninhabitable in hot weather. We've had to buy a portable cooler which helps a bit, but costs a lot to run. I'm on a disability pension, so we're having to dip into my super to pay bills.

Duncan, Box Hill South

“ In winter it is freezing, and in summer it is boiling. No insulation. I had to rug up all winter, to keep warm with blankets as I could not afford to use my heater.

“ I have a disability and the medication I'm on makes me very heat-sensitive, which makes living in our uninsulated house pretty unbearable during summer. I've made some curtains to keep the worst of the summer heat out and the winter heat in, but there's not much I can do about the broken windows and lack of insulation.

Elinor, Brunswick



There are benefits for landlords too

“ If you respect your tenant by providing decent housing then it stands to reason that your tenant will reciprocate and respect your property.

Kathy, Kyneton South

“ As a landlord, keeping your house up to a good standard means that you get respect from the renter. Everyone should be entitled to a minimum standard in their home, even if you do not own it.

Martin, Yarraville

Well-planned staged implementation will minimise risks

Standards should be initially introduced as a features-based list that enables easy and cost-effective self-assessment by property owners, managers and tenants. Responsible landlords who already recognise the benefits of keeping their properties in good condition are likely to find minimum standards easy to meet, while the rest would be given ample time to comply.

Flagging compliance dates well in advance would allow landlords to spread investment over several years, thus minimising pressure on rent increases. Complementary measures such as affordable finance and advice services would help to minimise compliance costs and avoid pass-through of costs to tenants.

LOWER ENERGY BILLS



Energy unaffordability is a serious and growing problem in Victoria, with utility disconnection rates for non-payment doubling since 2010. Improving efficiency can cut household energy consumption by 40 percent, translating into savings of more than \$1000 a year for an average household. But unlike homeowners, renters have little control over improvements that make the biggest difference to costs, such as insulation or fixed appliances.

JOBS AND INVESTMENT



The Victorian Energy Efficiency Target scheme is estimated to support at least 2000 jobs, many of which are in small to medium sized trades and services businesses. Creating incentives for landlords to invest in efficiency would boost that figure further. Money that households save on their energy bills and spend elsewhere in the economy also contributes to broader economic activity and job creation.

FAIRNESS AND EQUITY



Victoria's housing stock is inefficient by world standards but rental homes are even worse. This particularly impacts low-income households who spend a greater proportion of their income on energy than the rest of the population, and are more likely to rent. With more households including families renting long-term, poor quality rental homes can no longer be dismissed as a minor or temporary problem.

LOW COST EMISSIONS REDUCTIONS



Nearly 70 percent of Victoria's emissions come from the energy we use in our homes and businesses. If rental homes, which represent a quarter of our housing stock, are wasting energy then Victoria is missing a big opportunity to cut climate pollution. Managing energy demand also helps us get to 100 percent renewable energy faster and more cheaply, because it avoids or delays investment in costly additional supply and network infrastructure.

HEALTH AND SAFETY



Inefficient housing magnifies people's vulnerability to weather-related health impacts, which in turn increases pressure on health and emergency services. More people lost their lives in the heatwave preceding Black Saturday than in the bushfires, while more than 2600 deaths each year are associated with cold weather. New Zealand introduced insulation standards in 2016 after its home insulation program delivered \$1.2 billion in health system savings.

EFFICIENCY PROGRAMS ARE NOT REACHING RENTERS



Low participation rates by landlords in government efficiency programs is evidence that property owners have little incentive to voluntarily invest in efficiency – because the benefits of bill savings and improved comfort accrue to tenants. However most tenants are reluctant to request upgrades because of fear of eviction or rent increases.

First published in May 2017 and updated July 2019 by the One Million Homes Alliance:

