



Submission on Minimum Standards for Rental Properties and Rooming Houses

Lighter Footprints welcomes the opportunity to make a submission on Minimal Standards for Rental properties and Rooming Houses.

Who We Are

Lighter Footprints is a community-based group that lobbies Australian local, state and national decision makers to take the action necessary to halt global warming as a matter of urgency. For over a decade, we have educated, advocated and brought people together in Boroondara and surrounding suburbs to inform the community and promote a clean energy future. We have 3,500 people on our mailing list.

As an environmental group focused on tackling climate change, we are dismayed at the failure of successive federal governments to take decisive action to address climate issues and to ensure a more just transition. We applaud the Victorian Government for putting forward proposals that bill result in reduced emissions from rental properties and will improve conditions for renters.

It is our view that the housing stock in Australia is inadequate, and the overall quality is sub-par and we would like to see broad action taken to tackle these problem. We would like to see the Federal Government leading the way by adopting measures to tackle these issues.

Summary

- There is no time to waste. Don't let perfection be the enemy of progress.
- Residential electrification / efficiency can be accelerated by action at Federal, State, Local Governments and community groups. However, this should not stop Victoria taking decisive action new.
- Put in place mechanisms to ensure that standards are followed.

Detailed response

Our detailed response follows on pages 4 to 11. It is structured as follows:

Section 1	Our views	Pages 4 to 8
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We agree to publication of this submission.

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The closing date for submissions is 1 July 2024.

SUBMISSION BY:

Organisation name: Lighter Footprints Inc.

Organisation Position: Convenor, Lighter Footprints Energy Transition Group

Date: 30 June 2024

This submission has been authorised by:

A handwritten signature in black ink, appearing to read 'David Strang', with a horizontal line extending to the right.

David Strang

Convenor

Lighter Footprints Energy Transition Group

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1. Our views

Background

Lighter Footprints supports the Victorian Government’s actions to transition Victoria off gas as set out in the Victorian Gas Substitution and the Victorian Gas Substitution Roadmap update and is pleased to see that the plight of renters is being addressed. We believe that support should be given to renters and low-income property owners to ensure that they come along the journey.

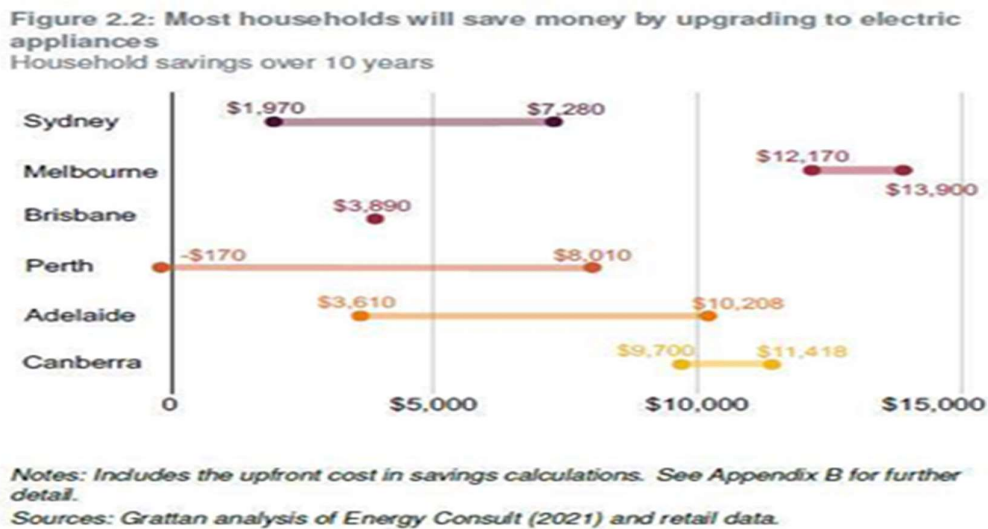
Lighter Footprints has been pressing state and federal governments to take action to improve the conditions of rental properties. We believe that this is necessary both from an equity perspective and from a climate perspective. We further believe that the current laws and regulations entrench inequalities and that without government action the less well-off sectors members of society may bear an unfair share of the transition cost.

We encourage governments to introduce a series of sticks and carrots to ensure that landlords electrify rental properties and improve their thermal efficiency.

The benefits of electrification

There are many studies that show that an all-electric home will be cheaper to run than a dual fuel home. These are summarised below:

1. The Grattan Institute has estimated the savings from switching to electric appliances as follows:¹



Note: This study assumes that electricity is sourced from the grid. Further savings can be made if rooftop solar is available.

¹ <https://grattan.edu.au/report/getting-off-gas/> Wood, T, Reeve, A., and Suckling, E. (2023). Getting off gas: why, how, and who should pay? Grattan Institute – Figure 2.2

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2. The Victorian Government fact sheet shows that the cost of an all-electric home is less than the cost of a dual fuel home and that further significant savings can be made by installing solar as well.²

These studies do not include the running costs of EVs. However, there are numerous studies that demonstrate that the running costs of EVs are materially lower than those of ICE vehicles.

We feel that most property owners will be able to access these benefits and recommend that assistance be provided to low-income owners noting that the economic benefits of electrification and insulation to low-income households are like those for other households except:

- The energy cost benefits may be lower because this sector of the community often cannot afford to heat or cool their homes. Solutions may result in low-income households being able to heat and cool their homes.
- The insulation and draught proofing benefits may be larger because of the very poor conditions of their housing - hopefully homes can be brought up to at least 4-star NatHERS rating.
- The benefits to government will be larger because low-income households have higher health issues caused by the poor conditions of their homes. (The Victorian Healthy Homes Program funded by the Sustainability Fund of the Victorian Government and by Sustainability Victoria found that a relatively minor upgrade, average cost \$2,809, had wide-ranging benefits over the winter period. While fuel savings were modest, householders in the intervention group were more comfortable and healthier. Health benefits of the upgrade were reflected in cost savings, with \$887 per person saved in the healthcare system over the winter period. Cost-benefit analysis indicated that the upgrade would be cost-saving within 3 years – and would yield a net saving of \$4,783 over 10 years – due to savings in both energy and health³).

Addressing the challenges facing renters

Roughly one third of households live in rented accommodation. We feel that tenants face challenges different from owner occupiers and we address these issues in this section.

We have identified three different groups of tenants:

Low-income public housing dwellers

- Governments are responsible for upgrading and electrifying public housing. It is likely that the benefits will outweigh the costs.

² Save money and the environment with your new all electric home, https://www.energy.vic.gov.au/_data/assets/pdf_file/0035/668591/save-money-and-the-environment-with-your-new-all-electric-home.pdf

³ <https://assets.sustainability.vic.gov.au/susvic/Report-Energy-Victorian-Healthy-Homes-program-research.pdf>

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Low-income social housing dwellers

- It is possible that the social housing providers may not be able to afford to upgrade and electrify their housing. However, governments should assist with upgrades (see Victoria's "Energy Efficiency in social housing" - <https://www.housing.vic.gov.au/energy-efficiency-social-housing>)

Renters with private landlords

- All renters have their major parts of their living conditions determined by their landlords and in many cases these are inadequate. In fact, the lot of many renters should be unacceptable to society. The fact that landlords can determine the conditions that their tenants live in is quite feudal.

A national Residential Electrification Infrastructure project

We further believe that residential housing electrification should be a national infrastructure project and that it should be managed in that way. This will require the federal and state governments to work together to develop an agreed plan and to establish a body to manage the project. Implementation of the project might then be left to state governments. The potential benefits from electrification (including improving the thermal efficiency of homes) are too large to remain unmanaged. If Australian homes were electrified, met current construction standards (NatHERS 6 - 7) and had solar PV, then they would have net zero annual energy demand.

Federal and state governments need to agree on a budget for this critical project. The budget can be justified on the following basis:

- Improving the thermal efficiency of poor-quality homes will pay for itself through a reduction in health costs
- Cheap loans to assist with electrification can be provided at little or no cost using the strong credit ratings of governments
- Government funds for grants and rebates can be manageable as electrification reduces running costs and provides a payback for the owner
- Other changes require legislation and will not require government funding.

An investment in energy efficiency would improve the lives of Australians, would reduce the need to build additional renewable generation and would provide savings to governments through reduced health costs.

Australia has underspent on energy efficiency in the past and this has left us with poor-quality homes and often inefficient appliances. Energy efficiency was nick-named 'the first fuel' by the IEA in 2019⁴. In fact, it is the energy you do not need to buy at all, so it is not affected by price. Irrespective of the difference in price between fossil fuel and renewables, energy efficiency is agnostic. Energy efficiency must be a key plank in 'residential electrification'.

⁴ <https://www.weforum.org/agenda/2022/01/iea-energy-efficiency-worlds-first-fuel-net-zero/>

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The federal and state governments need to come together to develop an electrification plan and roadmap for Australia. The benefits of electrification can only be fully realised if governments all work together.

Residential electrification / efficiency can be accelerated by action at Federal, State, Local Governments and community groups.

- Federal and state together
- Develop a national electrification plan agreeing what is to be managed at the federal level and what is to be managed at the state level.
- Establish a body to ensure that the plan is followed and to report on progress (at a high level).
- Use finance powers to provide grants / rebates and low-interest loans to assist with electrification.
- Develop plans to ensure that all buildings are at least 4 stars by 2030.
- Agree a set of sticks and carrot to ensure that rental properties are electrified along with owner occupied properties.
- Develop solutions for multi-dwelling properties.
- Federal
- Use tax law powers to provide incentives to landlords
- Create a national renewable energy storage target policy to complement the existing RET scheme. This will be the fastest way to address the solar duck curve issue.
- Encourage consistent electrification standards via national regulations (AER)
- Use Australian Bureau of Statistics to data warehouse residential / commercial energy consumption and production data from energy distributors.
- States
- Government should be exemplar landlords by electrifying and upgrading all state provided housing to a minimum of 4 stars. This would be funded via a fee recovering the costs over time from rent.
- Work with social housing providers to ensure that all social housing is electrified and upgraded to a minimum 4 stars.
- Mandate disclosure of Scorecard ratings at time of sale / lease of residential properties. (Already nationally agreed and deployed in the ACT since 1999)
- Develop 'Electrify the State' plans for each State & Territory across Australia. These plans should sit under the national plan and will include deadlines for retiring the residential gas distribution networks.
- Modify state planning laws to allow councils to ban or discourage new residential gas connections & re-connections.
- Local
- Councils to facilitate community "Electrify 2515" type plans.
- Where State Planning laws allow, ban or discourage new residential gas connections & re-connections.

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Packaging some of these actions will achieve synergies greater than the individual benefits. For example:

- Improving home thermal efficiency will mean lower bills for households, lower the need for high capacity space heating / cooling systems, and lower the demand for grid supplied electricity.
- Tying Residential Scorecard disclosure to low-cost loans for landlords.
- Tying Residential Scorecard disclosure to tax depreciation for landlords.
- Planning to ensure that all homes are at least 4 star by 2030 will positively impact owner occupiers and landlords.

Recommendations

Lighter Footprints recommends that the Victorian Government implement measures to raise the standards of all rental properties such as:

- Setting mandatory minimum thermal efficiency standards and minimum energy efficiency standards (Establishing whole-of-home annual energy use budgets for rental properties (including air conditioning) – this will force the installation of more efficient appliances.)
- Setting a trajectory for gradually increasing those mandatory minimum standards
- Putting in place approved rental increases that are linked to improving the energy efficiency of rental properties ensuring that the landlords and the tenants share in the savings
- Putting in place a scheme where landlords have to have their properties certified and this information must be made available when a property is being leased
- Bringing in rules requiring replacing gas appliances with efficient electric appliances (induction cooktops, heat pump hot water, reverse cycle air conditioner) linking incentives to appliance efficiency
- Considering incentives for landlords such as accelerated depreciation on capex

Lighter Footprints further recommends that the Victorian Government should work with the Federal Government to introduce a series of carrots and sticks to incentivise landlords to improve rental properties such as:

- incentivising landlords that have properties well above the minimum standard (possibly funded by reducing tax incentives for those where the property is below a certain level)
- combined federal and state funding to bring the thermal efficiency of all properties above 4 stars by 2030.

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2. Responses to survey questions- regarding Minimum Standards for Rental Properties and Rooming Houses

Do you support the introduction of the proposed minimum standards to improve energy efficiency and safety of rental properties and rooming houses in Victoria? Why or why not?

Lighter footprints the introduction of minimum standards to improve energy efficiency and safety of rental properties and rooming houses in Victoria? We believe that these standards may begin to erode the inequalities that exist between property owners and renters and result in adequate housing for all Victorians.

We would like to see these changes incorporated into a national plan to improve the housing stock of Australia.

Do you have any feedback on when the obligation for each proposed minimum standard will be triggered, as outlined in the proposed Regulations?

We understand that some time must be allowed for owners and agents to adjust to the new regulations but believe that two minor changes could be introduced earlier. We recommend that the Blind cord safety anchor and the Shower Head changes could be introduced by 31 March 2025.

Do you have any feedback on the proposed exemptions for the minimum standards, noting there are a range of exemptions for rental providers and rooming house operators, as outlined in the proposed Regulations and Regulatory Impact Statement?

We understand that some exemptions may be necessary as Victoria switches off gas but we hope that these exemptions will be removed as new technologies become available and body corporates switch off gas.

What practical implementation issues / challenges might be associated with the proposed minimum standards? What steps should be taken to manage risks and challenges identified?

The biggest challenge is likely to be compliance and reporting. We believe that landlords / agents should be responsible for confirming compliance with these standards when advertising properties and that new lease agreements should confirm that compliance.

The Government should introduce penalties for landlords / agents who do not comply with these measures or who miss-represent the facts.

Do you have any feedback or any additional evidence on the potential outcomes or benefits that could be expected from the introduction of the proposed standards on renters, rental providers, rooming house residents, rooming house operators or the broader rental market?

The standards on the Blind cord safety anchor and the Shower Head changes will clearly be beneficial with one reducing deaths and injuries and the other introducing efficiencies at a low cost.

Both the Victorian Government and the Grattan Institute have calculated the NPV benefits of transitioning to an all-electric home. In both cases the NPV is positive. Therefore, introducing

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these changes will reduce overall costs and reduce emissions. It is to be hoped that the savings will be shared equitably between landlords and renters.

Improving the thermal efficiency of rental properties

Studies show that improving the thermal efficiency of poor-quality housing will have economic benefits for the residents and economic benefits for governments with greatly reduced healthcare costs as well as reducing emissions.

The Victorian Healthy Homes Program funded by the Sustainability Fund of the Victorian Government and by Sustainability Victoria found that a relatively minor upgrade (average \$2,809) had wide-ranging benefits over the winter period. While fuel savings were modest, householders in the intervention group were more comfortable and healthier. Health benefits of the upgrade were reflected in cost savings, with \$887 per person saved in the healthcare system over the winter period. Cost-benefit analysis indicated that the upgrade would be cost-saving within 3 years – and would yield a net saving of \$4,783 over 10 years – due to savings in both energy and health⁵.

Improving the thermal envelope will reduce fatalities. A University of Adelaide study⁶ of deaths from hypothermia over 6 years showed that more people die of cold in South Australia than in Sweden.

Energy efficiency was nick-named ‘the first fuel’ by the IEA in 2019⁷. In fact it is the energy you do not need to buy at all so it is not affected by price. Irrespective of the difference in price between fossil fuel and renewables, energy efficiency is agnostic. Energy efficiency must be a key plank in ‘residential electrification’.

Improved the thermal efficiency of poor-quality housing will result in reduced energy bills, reduced energy demand and reduced emissions, and reduced health costs.

Energy efficient appliances

Energy efficient appliances such as hot water heat pumps will result in reduced energy bills, reduced energy demand.

Energy efficiency often goes hand in hand with electrification and this is important when looking at emissions. Switching from a gas heater to a reverse cycle air-con (RCAC) will move customers away from fossil fuels as the grid becomes renewable thus reducing carbon emissions. Detailed analysis by Northmore Gordon in their Energy Efficiency modelling report for the Energy Efficiency Council ANZ⁸ shows the role of efficiency in reducing Australia’s carbon emissions.

⁵ <https://assets.sustainability.vic.gov.au/susvic/Report-Energy-Victorian-Healthy-Homes-program-research.pdf>

⁶ <https://www.adelaide.edu.au/news/news68322.html>

⁷ <https://www.weforum.org/agenda/2022/01/iea-energy-efficiency-worlds-first-fuel-net-zero/>

⁸ <https://northmoregordon.com/articles/eec-energy-efficiency-scenario-modelling/>

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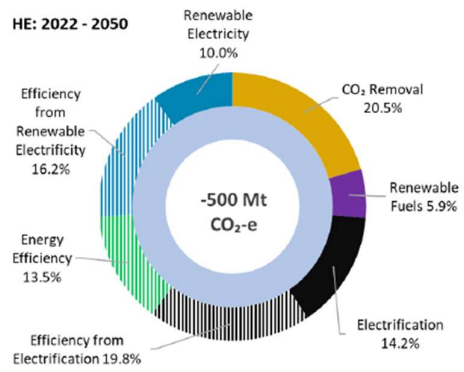


Figure 8. Role of efficiency in Australia's carbon emissions reduction in the high electrification scenario

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