

## 1. IMPROVE STANDARDS



### **BUILD ON THE VICTORIAN RESIDENTIAL EFFICIENCY SCORECARD AND REGULATE MINIMUM PERFORMANCE.**

The Scorecard should integrate existing best practice rating tools into a visually simple and technically rigorous system applying to new and existing homes. To save time and money, assessments could range from simple 'tick-box' scores at the lower end, to more complex performance-based assessments at the top.

Mandatory disclosure of Scorecard ratings at the point of sale will give all homebuyers equal access to high quality information and deliver price premiums to vendors of higher quality homes.

However, information alone is not sufficient to address the split incentive faced by tenants and landlords. Compliance with a minimum rating at the point of lease is needed to create an effective incentive for landlords to participate in efficiency programs. Raising the minimum by eliminating the lowest category by 2020 will ensure all renters beyond low-income households, benefit over time.

Five years since the 6-Star standard for new homes and renovations was introduced, it is time to raise the standard again as well as improve compliance regimes, to ensure growth in new housing is not adding to the problem. This should be followed by a further step-change in new build performance by 2020, based on 'whole of energy and water management' approaches.

## 2. FACILITATE FINANCE



### **ESTABLISH ACCESSIBLE AND AFFORDABLE FINANCE TO DRIVE EFFICIENCY UPGRADES.**

Although efficiency upgrades can pay for themselves in less than 10 years, upfront costs and lack of affordable finance can discourage investment.

Council rates-based financing models (Environment Upgrade Agreements) provide an affordable mechanism for funding integrated efficiency and renewable energy upgrades, and should be extended to residential buildings.

Government has a role in brokering partnerships between Councils and providers of low-cost finance to generate seed capital for on-bill retrofit financing schemes to enable owner-occupiers and landlords to meet standards.

Provisions in the *Residential Tenancies Act* can be used to protect renters against unreasonable rent increases and evictions, and assistance such as low-cost

loans should be targeted to low-income landlords to minimise upwards pressure on rents.

Reforming the Victorian Energy Efficiency Target (VEET) to adopt project-based methodologies will encourage 'whole of house' thermal efficiency improvements and appliance upgrades.

## 3. RAISE PUBLIC AWARENESS



### **PROVIDE INFORMATION ABOUT THE BENEFITS OF ENERGY EFFICIENCY.**

Most Victorians are unaware of how their homes perform, the benefits of efficiency, and the options for improvement.

Victoria needs a mass public education campaign to build public support for efficiency and the need for improved standards.

This should be complemented by funding for local government and community sector organisations which have experience in engaging diverse groups, to deliver comprehensive behaviour change, retrofit advice and referral services at a local level.

## 4. DELIVER TARGETED PROGRAMS



### **PROVIDE MEANINGFUL SUPPORT TO THOSE MOST IN NEED ACROSS VICTORIA.**

The first three steps lay the foundations for improvement across our housing stock. However, government needs to provide additional assistance to households experiencing financial and energy hardship, to relieve disadvantage and ensure participation.

Working in partnership with local government and the community sector which have experience in engaging diverse groups, assistance programs should build on existing relationships and expertise to deliver measurable and meaningful efficiency improvements. Integrating education, retrofits and appliance replacement, targeted programs can leverage standards, finance and information campaigns to ensure all disadvantaged households benefit. Government could also partner with retailers to co-finance retrofits for the growing number of households experiencing energy hardship.

Victoria's public and community housing dwellings should be upgraded through a significant boost to asset maintenance funding and reform of appliance replacement policy to reflect technology and energy market changes.

VISIT [ONEMILLIONHOMES.ORG.AU](http://ONEMILLIONHOMES.ORG.AU)

# OVERCOMING THE BARRIERS TO ENERGY AND WATER EFFICIENT HOUSING

## ROADMAP TO 2025

Efficient homes make good sense. Saving energy and water cuts the cost of living, particularly for the growing number of households struggling to pay soaring utility bills. Efficient homes are more comfortable and healthier to live in, particularly in extreme weather. Investing in efficiency creates thousands of jobs and postpones or avoids the need for costly additional supply. And reducing consumption cuts greenhouse pollution and saves water for our rivers.

Improving residential energy and water efficiency delivers a 'win-win-win' outcome for Victoria's people, economy and environment. So if efficiency makes such good sense, why does Victoria's pre-2005 housing stock average only 2 stars?

A range of market barriers work against homeowners and tenants – particularly low-income and disadvantaged households – improving the efficiency of their homes. These barriers include the upfront cost of efficiency measures, the split incentive facing tenants and landlords, and a lack of timely and trusted information about efficiency options and costs.

The One Million Homes Alliance welcomes the Victorian government's vision, described in the June 2015 energy efficiency statement, for an "efficient, productive and resilient state". This Roadmap brings together the knowledge and experience of Victoria's leading consumer, social and environmental organisations to outline our plan for turning this vision into reality.

Delivering this Roadmap will see all Victorians, including the most vulnerable, benefit from more efficient homes. It will unlock billions of dollars of investment, supporting up to 13,000 jobs (gross) over the 10 year program and 8,500 ongoing jobs. An average household should save around \$1,000 a year on their energy bills, while the government could save \$2.5 billion from its energy concessions budget over 20 years.

And by focusing on creating a stable policy environment which leverages investment from a range of sources, while targeting government assistance to the most vulnerable, this Roadmap ensures government investment delivers high-impact outcomes.

**The goal:** That Victoria's housing stock meets an average 5-star equivalent and 100 litre/person/day standard by 2025.

Achieving this goal will require action in four areas to overcome the barriers to efficiency:

- Improving standards to create incentives for homeowners and landlords to invest;
- Facilitating accessible and affordable finance to enable homeowners and landlords meet standards;
- Raising public awareness about the benefits of efficiency and how to access information and services; and
- Funding targeted retrofit and education programs for households experiencing financial and energy hardship.

AUGUST 2015



# REACHING 5 STAR AND WATER EFFICIENT HOMES BY 2025

## BARRIERS

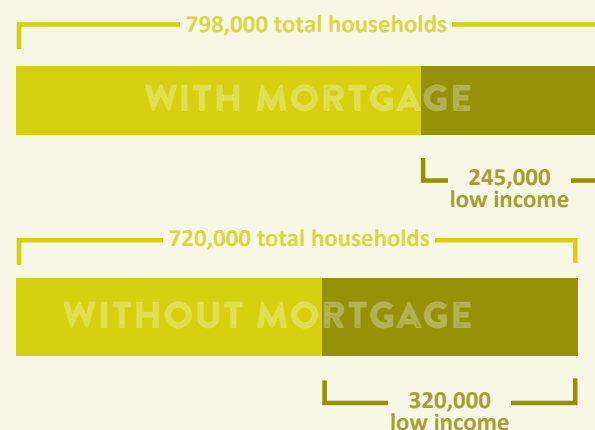
## 1. IMPROVE STANDARDS

## 2. FACILITATE FINANCE

## 3. RAISE PUBLIC AWARENESS

## 4. DELIVER TARGETED PROGRAMS

### HOMEOWNERS



Lack of timely, trusted information

Upfront costs unaffordable for asset-rich but cash-poor homeowners

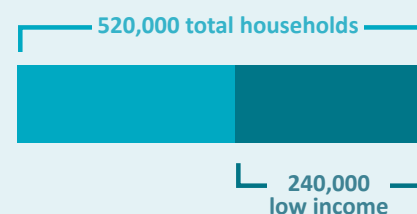
- Mandatory disclosure of Scorecard rating at the point of sale by June 2016
- Raise performance standard for new homes and renovations by June 2016
- Deliver a further step-change in new build performance by 2020
- Improve compliance regime for new buildings

- Extend council rates-based financing (EUA) to residential buildings by June 2016
- Partner with retailers, local government and finance sector to provide low-cost finance to enable homeowners to meet standards
- Strengthen VEET to drive whole-of-house upgrades

- Fund a public information campaign to explain benefits of efficiency standards and how to access advice and assistance
- Support community-based agencies to provide local advice and referral services
- Ensure retailers provide better information to customers

- Fund targeted education and retrofit programs for low-income and disadvantaged households in partnership with local government and community sector
- Partner with retailers to co-finance retrofits for customers experiencing hardship
- Target VEET to support investment into low income and vulnerable households

### RENTERS



Split incentive: Tenants pay bills but landlords have control over quality of dwelling

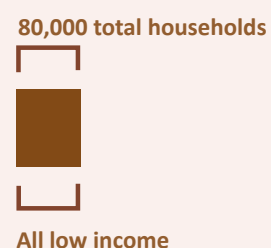
- Compliance with minimum Scorecard rating at point of lease from June 2017
- Raise minimum Scorecard rating by 2020
- Amend the *Residential Tenancies Act* to give more power to tenant to require improvements

- Extend EUA financing to residential buildings by June 2016
- Partner with local government and finance sector to provide low-cost finance to enable landlords to meet standards, including targeted assistance to low-income landlords
- Ensure protection for tenants against unreasonable rental increases and evictions
- Strengthen VEET to drive whole-of-house upgrades

- Fund a public information campaign to explain the benefits of efficiency standards and how to access advice and assistance
- Support community-based agencies to provide local advice and referral services
- Encourage retailers to provide better information to customers
- Encourage real-estate industry to provide training to property managers

- Fund targeted education and behaviour change programs for low-income tenants
- Ensure eligibility for landlords of low-income tenants to efficiency assistance programs
- Provide financial assistance for appliance replacement for low-income tenants
- Target VEET to support investment into low income and vulnerable households

### SOCIAL HOUSING



NB. LOW-INCOME AND VULNERABLE HOUSEHOLDS TOTAL APPROXIMATELY ONE MILLION

Tenants lack control over quality of dwelling

- Compliance with minimum Scorecard rating at point of lease from June 2017
- Raise minimum Scorecard rating by 2020
- Raise performance standard for new buildings and re-letting upgrades immediately

- Establish finance and governance model for public and community housing investment
- Strengthen VEET to drive whole-of-house upgrades

- Provide support for community housing operators to access information, advice and financing opportunities

- Boost Office of Housing budget to deliver efficiency retrofits to a minimum of 10 percent of public housing stock per year, as part of asset maintenance program
- Review Office of Housing appliance replacement policy to reflect current technology