

FACTSHEET: BRINGING RENTAL HOMES UP TO SCRATCH



Social service organisations, the Tenants Union and environment charities are calling for minimum energy efficiency standards for rental properties in Victoria.

WHY IS IT NEEDED?

- **Renters are hit hard by rising energy bills.** A 2015 analysis of ABS data found private renters were the largest group of households unable to heat their home (37 percent) or pay their bills on time (42 percent). But unlike homeowners, renters have few options for making improvements which would help lower bills and reduce health risks.
- **Rental homes are less efficient than owner-occupied homes.** A 2013 ABS survey found they are about half as likely to have basic efficiency measures such as insulation compared with owner-occupied homes.
- **More people are renting for longer.** Nearly one-third of Victorians now rent in the private market, while the share of households renting for more than 10 years has more than doubled since 1990.
- **Rental properties are falling behind other building standards.** Current laws governing repair and maintenance only require landlords to return a property to the condition in which it was leased. If the property did not have basic measures such as insulation or a fixed heater to begin with, there is currently no obligation to provide it.

HOW WOULD IT WORK?

Standards would be introduced at a low, achievable level, initially targeting the worst 10 percent of rental housing, then progressively tightened over several years to benefit all tenants .

WHAT ARE THE COSTS AND BENEFITS?

Simple efficiency upgrades – such as ceiling insulation, draught sealing and efficient LED lights – would save a rental household an estimated \$850 per year in energy bills. The cost to a landlord would be approximately \$1100 per year, implemented over five years – around 5 percent of median rental income of \$20,000 per year in Victoria. Compliance costs are likely to be lower for the majority of landlords who already keep their property in good condition.

WHAT ABOUT IMPACTS?

Similar standards introduced in the UK, Canada and New Zealand have not had any significant impact on housing supply or rents. A staged implementation would give landlords time to adjust, and the legislation can include protections against unreasonable rent increases and evictions.

WHAT DO RENTERS AND LANDLORDS SAY?

For quotes and a database of profile subjects from renters and landlords, visit environmentvictoria.org.au/rental-stories

BY THE NUMBERS

600,000
rental households in Victoria

37%
of all rental households are families with children (the largest group of renters)

75%
could upgrade ceiling insulation

93%
could upgrade lighting

\$850
per year saved by tenant households with basic efficiency measures

5%
of rental income over 5 years means the cost to landlords is affordable.

4000
jobs could be supported over 5 years, and an estimated 1600 jobs on an ongoing basis.

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