



MINIMUM EFFICIENCY STANDARDS FOR RENTAL HOMES

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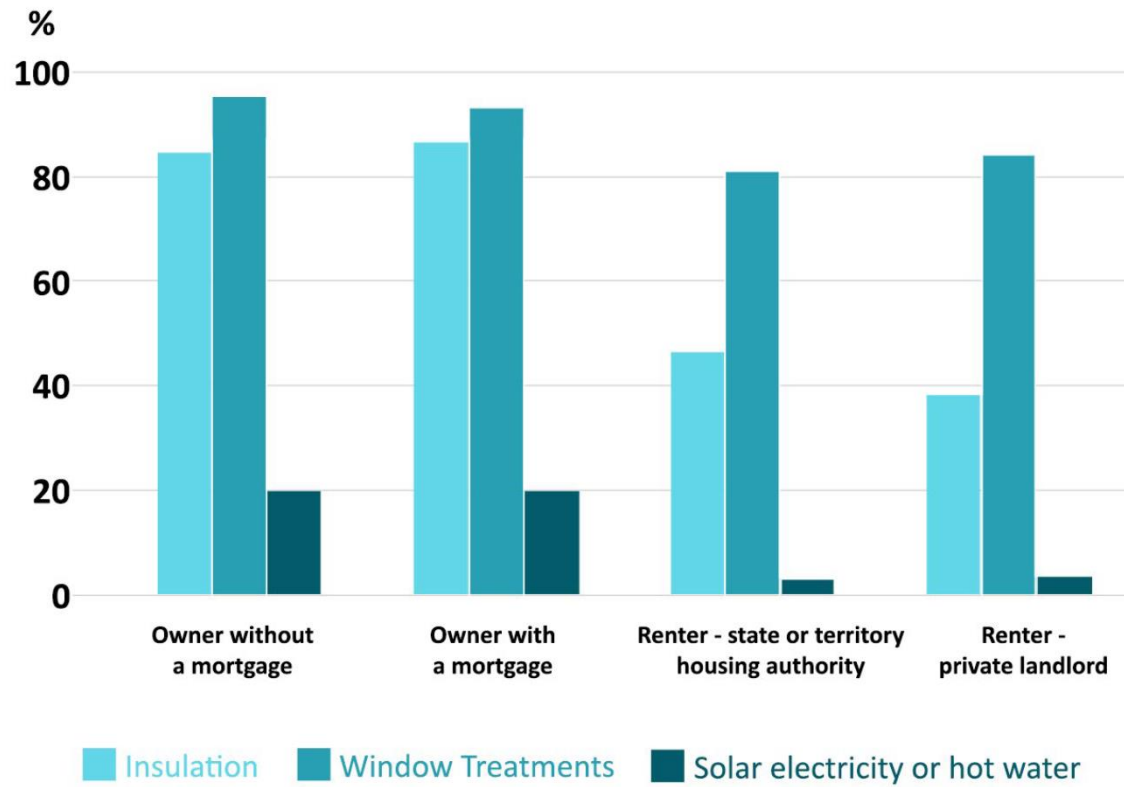


ONE MILLION HOMES ALLIANCE





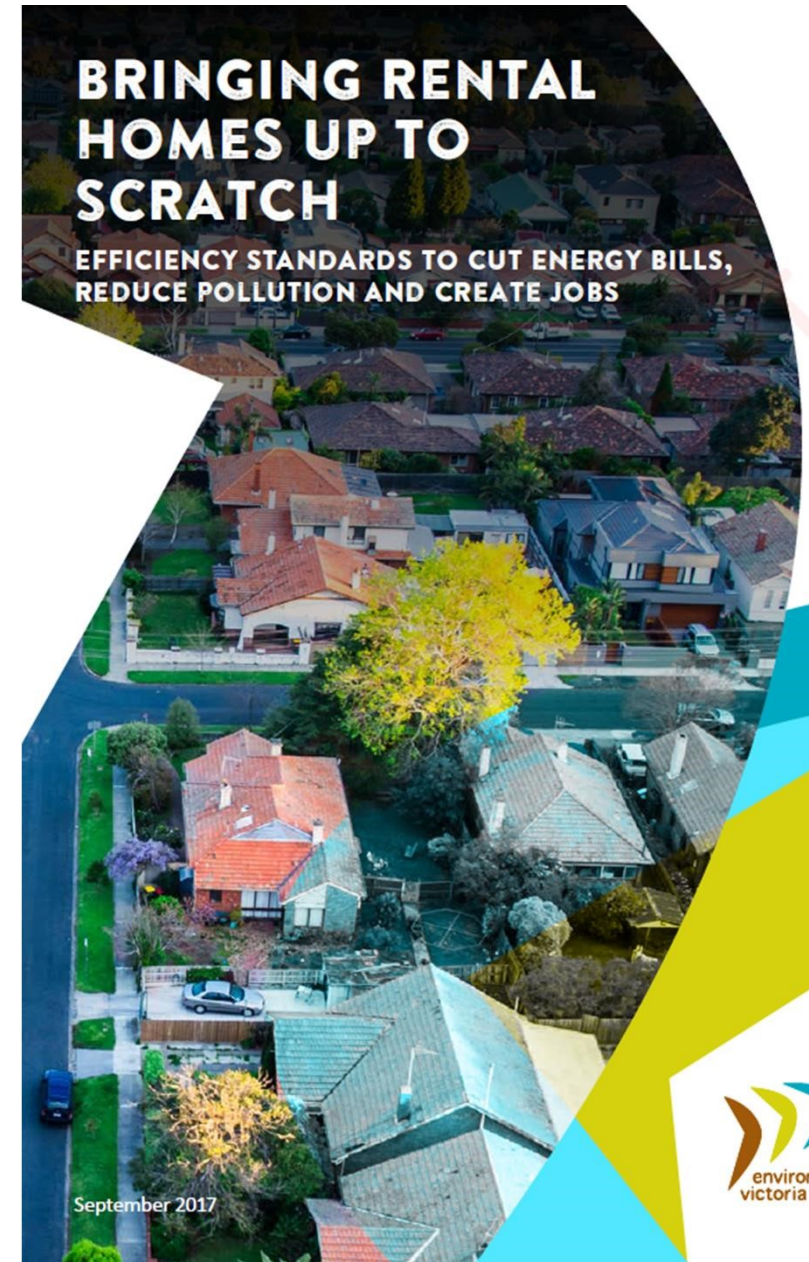
RENTALS FALLING BEHIND





NEED FOR RENTAL STANDARDS

- Standards for health, safety and efficiency the only effective way to address split incentive facing landlords and tenants
- Review of *Residential Tenancies Act* provides opportunity to create power to set standards
- Specific requirements set out in accompanying regulations





TARGET HIGH IMPACT MEASURES

Efficiency measure	Retrofit opportunity (%) ¹⁸	Estimated maximum cost per house (\$) ¹⁹	Investment across rental housing stock (\$m) ²⁰	Estimated annual savings per household (\$/yr)
Ceiling insulation ^a	75 ^b	1125 ^c	506.3	133.5
Draught-sealing	50	1037	311.1	157
Hot water ^d	30	818	147.2	100
Low-flow shower rose	60	86 ^e	31.0	102
Efficient lighting	93 ^f	574	320.3	100
Heating upgrade ^g	80 ^h	1388	666.2	157
Dual-flush toilets	20	450	54.0	100 ⁱ
Total		\$5478	\$2036 million	\$849.5/year



BENEFITS

- Bill savings for tenants: Up to \$900 per year
- Health and well-being benefits for disadvantaged tenants
- Concession budget savings to government
- Reduce Victoria's climate pollution by approximately 1 million tonnes per year (~ 6% of residential sector emissions)
- 4,000 jobs over five year implementation period
- Up to 1,600 ongoing jobs



IMPLEMENTATION

1. Introduce at a low and achievable level
 - Targeting approximately bottom 10% of market
2. Design initial standards as a simple, features-based list
 - Low cost assessment and compliance
 - Develop in collaboration with DELWP
3. Give landlords time to comply
 - Spreading investment over several years will minimise risk of rent increases



IMPLEMENTATION

4. Require compliance at the start of a new lease
 - Minimise risk of evictions
 - Enable 'rolling compliance' across market
 - Set final compliance date to avoid disadvantaging tenants with longer leases

5. Progressively tighten efficiency requirements
 - Link subsequent tranches to performance (Victorian Residential Efficiency Scorecard)
 - Ensures all tenants benefit over time, and investment targeted to most cost-effective measures for each house
 - Flag future requirements to minimise multiple visits



Laws passed

Standards for bottom 10%



Compliance by 2020 or end of lease

Develop standards for bottom 50%



Compliance by 2022 or end of lease

Develop 5-star standards for all rental properties



Compliance by 2023 or end of lease

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- Information to real estate sector and landlords (eligibility, compliance)
 - Affordable finance to landlords
 - Vic Residential Efficiency Scorecard builds evidence base for further development
 - Training for assessors & advisers (CAV/DELWP)

RENTERS CAN BE PROTECTED

- Strengthen compliance
 - Non-compliance an offence under Act to protect vulnerable tenants
 - Additional consumer enforcement mechanism
- Regulate against unreasonable rent increases (link to CPI)

