

# Minimum energy efficiency standards for rental homes

## REPORT ON WHAT WE HEARD



### MINIMUM ENERGY EFFICIENCY STANDARDS FOR RENTAL HOMES

**Energy inefficient rental properties make for higher energy bills and cold homes and can have negative impacts on the comfort and health of renters.**

The ACT Government has committed to introducing minimum energy efficiency standards for rental homes.

This can:

- lower energy use (and costs) for renters;
- increase their comfort and provide health and well-being benefits; and
- reduce carbon emissions.



### THE CONVERSATION

**We asked renters, rental providers and owner occupiers to engage with us through a survey about the introduction of minimum energy efficiency standards for residential rentals in the ACT.**

The purpose of the survey was to:

- obtain the views of renters and rental providers on the three main options being considered:
  - **ceiling insulation**
  - **an energy efficient heater** or
  - **a performance based ("star") rating**
- gather background information on renters and rental providers to assist in assessing the options; and
- gather information on rental properties in the ACT, including on their existing energy efficiency.

As well as featuring on the YourSay site, the survey was advertised on the Actsmart Facebook page and the following organisations were also invited to share the link to the survey through their networks:

- Owners Corporation Network of the ACT
- Ratepayers Association of the ACT
- Law Society of the ACT property law committee
- Real Estate Institute ACT
- Tenants Union ACT
- Legal Aid ACT's Tenant Advice Service
- Canberra Community Law
- Better Renting
- ACTCOSS
- St Vincent de Paul Society ACT
- ACT Shelter
- Care Financial Counselling
- Conservation Council ACT

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### WHO ENGAGED

There were three separate YourSay surveys, one for rental providers, one for renters and one for owner occupiers. In total there were 634 people who completed the survey, 553 (87%) were rental providers, 52 (8%) were renters, and 29 (5%) were owner occupiers.

A wide range of ages in the community were represented. The 55-64 age group was the largest group for the landlord survey at 28% of respondents and the 25-34 age group was the largest group of respondents in the renters survey at 37%.

The rental providers who responded to the survey owned properties distributed relatively evenly across Canberra, but a large proportion of renters who responded (more than 40%) were from the inner north, while the remaining respondents were distributed relatively evenly across other areas.

### Key insights from the community\*

#### Preferences for proposed minimum energy efficiency performance standard options

| Rank | Rental providers         | Renters                  | Owner occupiers/others   |
|------|--------------------------|--------------------------|--------------------------|
| 1    | Performance based rating | Energy efficient heater  | Performance based rating |
| 2    | Ceiling insulation       | Ceiling insulation       | Ceiling insulation       |
| 3    | Energy efficient heater  | Performance based rating | Energy efficient heater  |

Rental provider respondents preferred the performance-based option (first choice of 39%), followed by ceiling insulation (first choice of 26%), and then an energy efficient heater (first choice of 15%) while 19% had no preference.

Renters who responded preferred the efficient electric heater option (first choice of 38%). Although 35% of renter respondents rated a performance-based option as their first choice, it was ranked last by 52% and so ended up with an overall ranking below ceiling insulation (first choice of 27%).

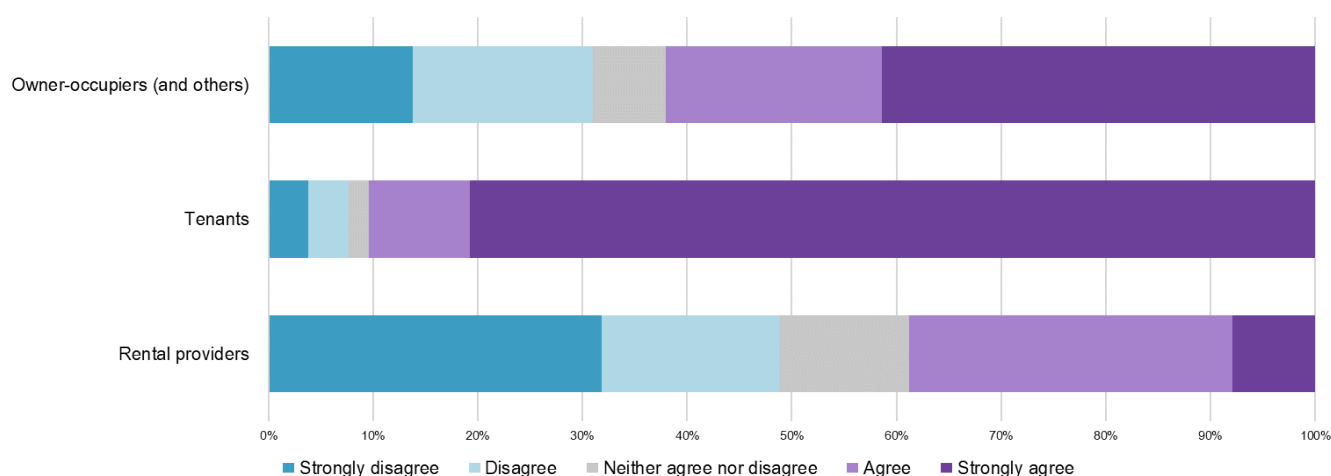
*\* The following are a summary of the main results from the survey. Graphics presented here were prepared by ACIL Allen. Please note that due to the smaller number of respondents, the percentage responses from renters and owner occupiers are a less reliable indicator of overall renter and owner occupier views than those from rental providers.*

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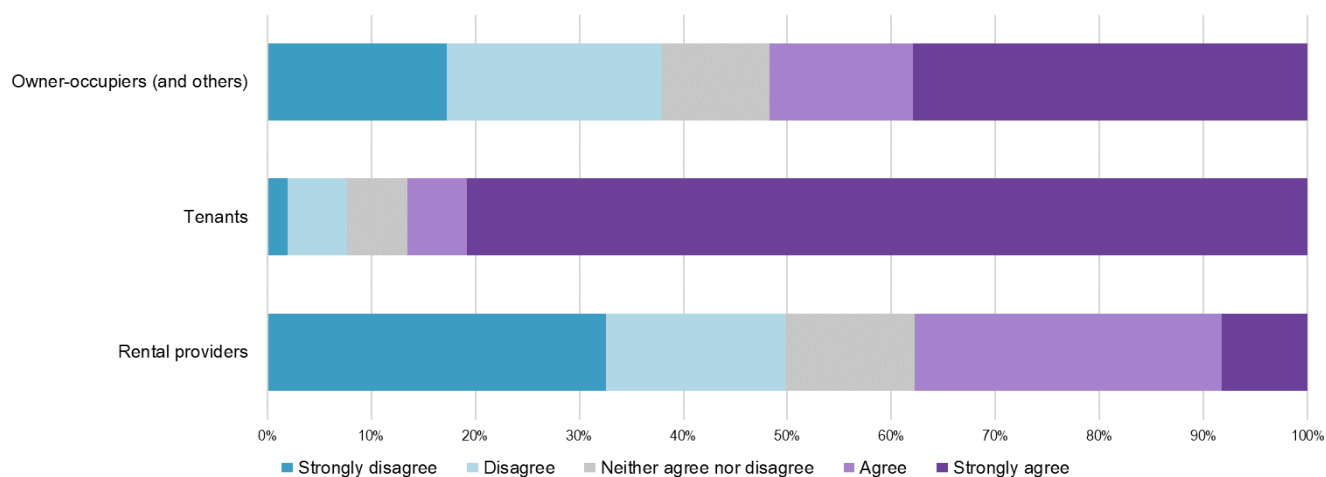
## REPORT ON WHAT WE HEARD



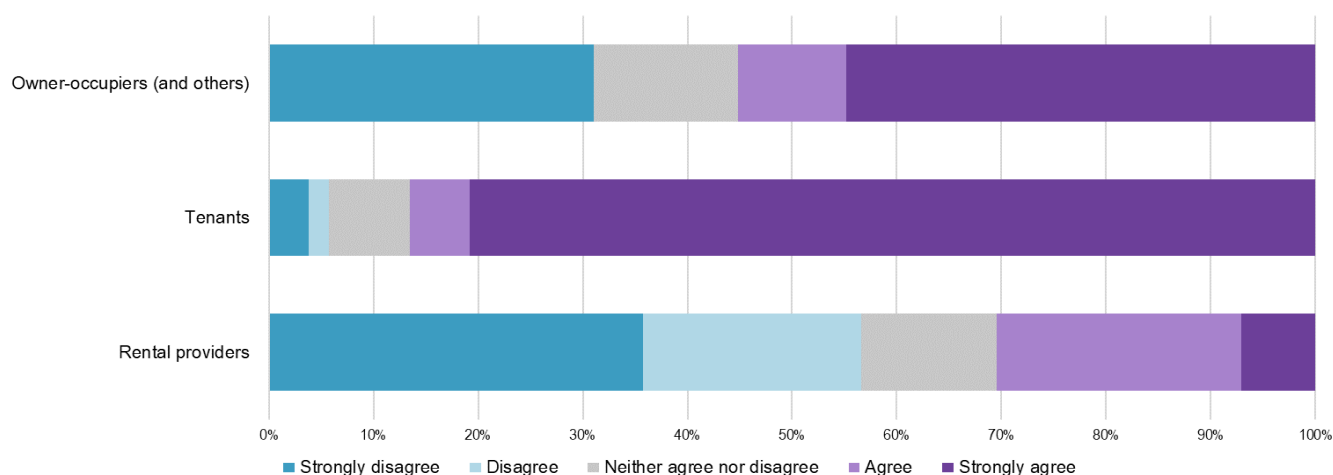
### Support for the introduction of a roof insulation minimum standard in rental properties



### Support for the introduction of an energy efficient heater minimum standard in rental properties



### Support for the introduction of a performance-based minimum standard for rental properties

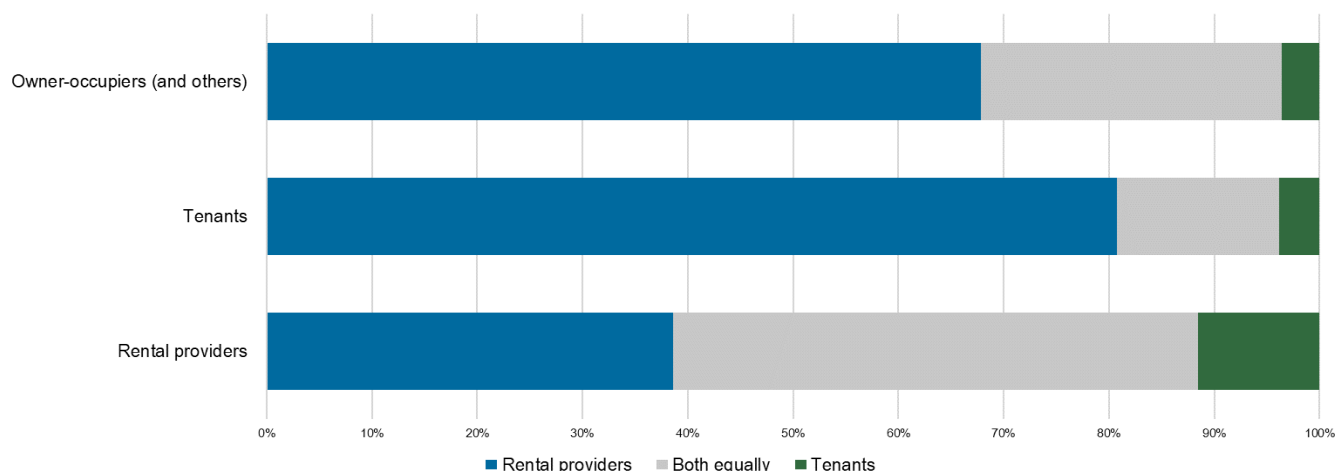


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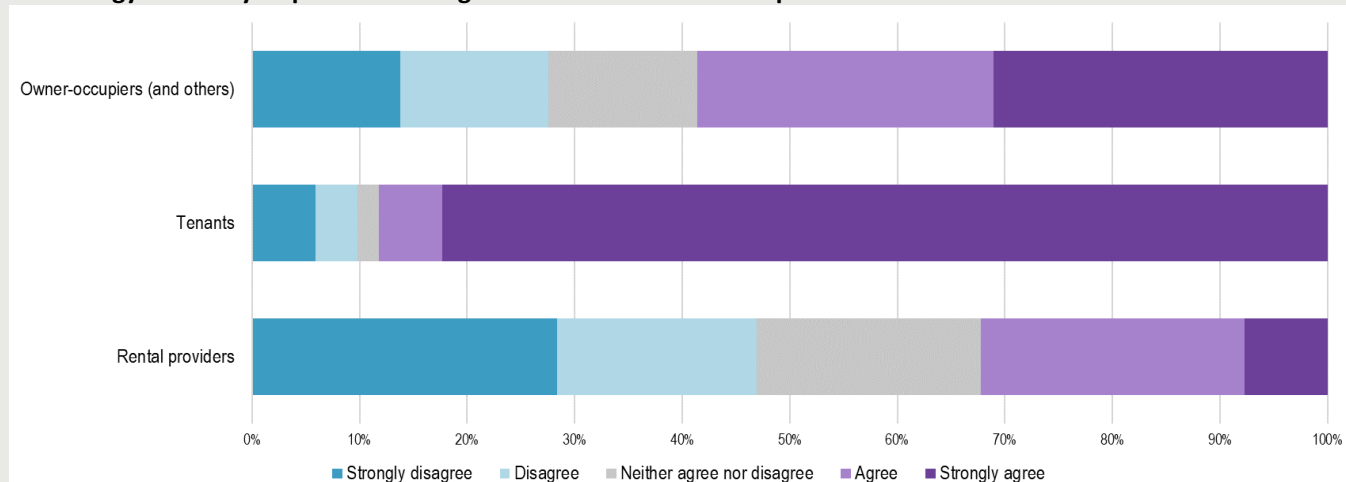
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### Perceived responsibility for energy efficiency in rental properties



### Are energy efficiency improvements a good investment for rental providers?



### Heating of rental homes

The four most common methods used by renters to heat their homes, as reported by respondents, were:

1. Portable electric heater (56%)
2. Reverse cycle air conditioner (42%)
3. Gas ducted heating (23%)
4. Electric panel heater (17%)

(Percentages add to greater than 100% as some renters use more than one heating method)

### Estimated existing energy efficiency of rental homes

On a scale of 0 (very low/poor) to 10 (excellent):

- 30% of rental providers who responded rated their property below 5 and 7% below 2
- 67% of renters who responded rated their home below 5 and 27% below 2

### Age of rental properties

As reported by rental providers, just under half of rental properties were built before 1990, with about a quarter built between 1990 and 2010, and about a quarter after 2010

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### Existing energy efficiency features

Percentages of rental providers indicating that their property or properties had the following existing features:

|                                 | <i>Present in all</i> | <i>Present in some</i> | <i>Not present in any</i> | <i>Don't know</i> |
|---------------------------------|-----------------------|------------------------|---------------------------|-------------------|
| Energy efficient lighting       | 43%                   | 24%                    | 12%                       | 22%               |
| Ceiling insulation              | 57%                   | 11%                    | 4%                        | 27%               |
| Wall insulation                 | 29%                   | 11%                    | 19%                       | 41%               |
| Floor insulation                | 17%                   | 6%                     | 35%                       | 43%               |
| Fitted draught proofing         | 21%                   | 15%                    | 23%                       | 42%               |
| Efficient gas heater            | 26%                   | 14%                    | 39%                       | 22%               |
| Reverse cycle air conditioner   | 54%                   | 18%                    | 21%                       | 6%                |
| External window shadings        | 19%                   | 17%                    | 54%                       | 9%                |
| Thick curtains/block-out blinds | 45%                   | 23%                    | 22%                       | 10%               |
| Double glazed windows           | 12%                   | 10%                    | 64%                       | 14%               |
| Solar hot water                 | 4%                    | 4%                     | 78%                       | 14%               |
| Heat pump hot water             | 8%                    | 3%                     | 64%                       | 25%               |
| Rooftop solar PV panels         | 6%                    | 3%                     | 81%                       | 11%               |
| Wood heater                     | 2%                    | 2%                     | 89%                       | 7%                |

### Views on options for improving energy efficiency of rental properties

Most practical options as ranked by rental providers:

1. Energy efficient lighting
2. Thick curtains or block-out blinds
3. Ceiling insulation
4. Energy efficient heater
5. Energy efficient water heater
6. Other energy efficient fixed appliances
7. Fitted draught proofing
8. External window shading
9. Wall insulation
10. Double glazed windows
11. Rooftop solar
12. Floor insulation

Most preferred options as ranked by renter respondents:

1. Ceiling insulation
2. Energy efficient heater\*
3. Wall insulation
4. Double glazed windows
5. Fitted draught proofing
6. Energy efficient water heater
7. Rooftop solar
8. Floor insulation
9. Thick curtains or block-out blinds
10. Other energy efficient fixed appliances
11. Energy efficient lighting
12. External window shading

\* When options were restricted to the three under consideration, energy efficient heating ranked above ceiling insulation

### Response to minimum energy efficiency standards

If a minimum energy efficiency standard required investment by rental providers:

- 16% indicated nothing would change
- 59% indicated they would increase the rent (with 77% of these indicating they would pass on the full cost)
- 21% indicated they would remove their properties from the rental market

### Informed about ways to improve energy efficiency

On a scale of 0 (not informed at all) to 10 (completely informed), 23% of rental providers rated themselves below 4, 32% between 4 and 6, and 39% above 6

### Existing government incentives for rental providers

A very high percentage of rental providers (85%) are unaware of any government incentives to improve energy efficiency of homes

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### WHAT'S NEXT?

**The survey results, along with consultations undertaken with external stakeholder organisations and across Government agencies, will inform analysis and consideration to identify which option will be proposed for adoption as a regulation.**

There will be additional opportunities for renters, rental providers and members of the community to have their say and share views of the potential impacts of the proposed regulation and how it should be implemented.

The Government is aware that regulatory changes will impose potential impacts on different parts of the community, and so we will also be examining options to financially support implementation of this regulation – details for this are still being developed.

If you would like to be included in further consultation over the introduction of minimum energy efficiency standards, you can email us at [EPSDDComms@act.gov.au](mailto:EPSDDComms@act.gov.au)

**We appreciate the time taken by respondents to provide information and feedback on the proposed minimum energy efficiency standards options.**