

MINIMUM ENERGY EFFICIENCY STANDARD FOR RENTAL HOMES

Warmer homes and lower energy bills for renters

We want to hear from you

Many renters are living in homes that are expensive to heat and cool. This can increase financial hardship and impact their health and wellbeing.

The ACT Government is planning to introduce a minimum energy efficiency standard in rental homes to help tackle this issue.

We want your feedback on the proposed standard and how it should be rolled out.

This summary describes the standard and raises issues that we'd like your opinion on. If you want more detail, you can also read a longer **Consultation Paper** on our [YourSay site](#).

You can have your say by:

- filling out an online feedback form on the [YourSay site](#); or
- sending an email with your comments or suggestions to: EPSDDComms@act.gov.au.

Please provide your responses by **Sunday 19 December 2021**.

Your feedback will help us work out how to best roll out the standard.

The proposed minimum standard

The proposed standard is:

Rental homes with less than R2 ceiling insulation will be required to install or upgrade to a minimum of R5.

The R-value of insulation shows how well it stops the flow of heat – the higher the value the better. R5 is the grade of ceiling insulation commonly used for new homes in Canberra.

The need for ceiling insulation to only be upgraded when it is lower than R2 means the

standard will target the worst performing properties. Most properties built since the late 1990s will already meet the standard.

The standard will apply to Housing ACT and social housing properties, as well as to private rental properties.

A regulation for the standard will start in mid-2022 and will allow for the standard to be phased in over several years.

Why this ceiling insulation standard was selected

A ceiling insulation standard was the option most supported in the [Regulatory Impact Statement](#) (RIS) undertaken for the ACT Government. This study assessed several options for a minimum energy efficiency standard for rental homes.

The analysis in the RIS showed that this option:

- provides high benefits (on average) to renters, even if rental providers pass some costs through to renters;
- was a relatively less expensive option (on average) for rental providers; and
- would provide around \$18 million in benefits for the ACT overall, and that for every dollar spent on the minimum standard, it returns \$1.30 to the community.

There is a summary of the RIS results and more information on why this ceiling insulation option was chosen in the [Consultation Paper](#).

Financial support

The ACT Government recognises that rental providers who need to make upgrades will face extra costs. The ACT Government is providing support for the introduction of the standard through the \$50 million Vulnerable Household Energy Support Scheme (VHESS).

Funds from the VHESS will go to Housing ACT and social housing organisations to meet the costs of upgrading their properties to meet the new standard.

Support will also be targeted to help private rental providers who are providing housing to vulnerable and low-income households. The assistance may take the form of no-interest loans, partial rebates, or some combination.

What we would like your opinion on

What exemptions should be allowed?

The proposed standard will not apply to lower floor units in apartment blocks.

Other exemptions will include properties where the roof design means that ceiling insulation cannot be installed or would be too expensive.

Temporary exemptions, such as where the property is going to be demolished or rebuilt, will also be considered.

If a property has an exemption, the rental provider or property manager will need to tell possible tenants before a lease is signed.

How long should the phase-in period be?

The regulation for the standard will have a phase-in period of between 2 and 5 years. This will give rental providers time to meet the standard.

This will also help spread demand for ceiling insulation and installers over a few years.

When should compliance be required?

The regulation could just require that all rental properties meet the standard by the end of the phase-in period. However, this could cause a spike in demand if many rental providers left upgrades to the end of the phase-in period.

Another option would be that rental properties must meet the standard once a new lease is signed or a lease is renewed (possibly with a 3- or 6-month period to get the work done).

Should any complementary measures be considered?

Extra complementary measures may be considered. For example, programs to support draught proofing could greatly improve the effectiveness of ceiling insulation in draughty homes.

What safety and quality should be required?

Installing insulation has a range of safety risks. These include electrical hazards and risks from working at heights. Poor installation can also mean the insulation doesn't work as it should.

These issues are increased when installation is done by poorly trained installers or if an untrained owner seeks to "DIY."

Safety risks and quality will need to be carefully considered and managed, and safety measures and standards will need to be in place.

These could include requiring work to be done by accredited insulation installers; checks of a percentage of insulation installations; getting photos of the installation and providing a list of approved insulation products that meet the relevant Australian Standard.

How should compliance be monitored and enforced?

The ACT Government's preference is to start with a relatively light-handed approach to monitoring and enforcing compliance with the regulation. Stronger measures would be introduced if there is poor compliance.

Some possible approaches include:

- failure to comply with the regulation being grounds for a renter to be able to terminate a lease;
- mandatory disclosure of whether a property meets the standard (or has a valid exemption) when it is advertised for rent or before a lease is signed; and
- temporary rent reductions where a property doesn't meet the minimum standard until that is fixed.

Another issue is what evidence will be accepted to show a property meets the standard.

Next steps

We will put out a Listening Report on the YourSay site in February 2022. This will summarise what you have told us.

Your feedback will help us work out the details of the regulation for the minimum standard and how it will be rolled out.

We will provide more information about how the regulation will work in the lead up to it starting in mid-2022.