



Housing Choices, Planning Policy,  
Environment, Planning and Sustainable Development Directorate, PO Box 158,  
Canberra ACT 2601

### **Re: Housing Choices Discussion Paper**

Thank you for the opportunity to contribute to the conversation on the future of planning in the ACT. Better Renting is keen to contribute to this conversation from the perspective of renters in Canberra who are looking for affordable, stable, and liveable homes.

### **Better Renting**

Better Renting is a community of renters working together for the homes we deserve. We are currently based in Canberra and working on the issues of stability, affordability, and liveability. Our vision is for all Australians to have the homes they deserve.

### **Issues**

With respect to the Housing Choices discussion paper, we identify three main issues of interest: affordability/supply, energy efficiency, and access to solar.

### **Increased supply is necessary to address affordability challenges.**

Renting in Canberra is increasingly unaffordable. The current vacancy rate is less than 1%, and many renters are being pushed into temporary homelessness due to the sheer competition between renters.

The most powerful way to address this is to increase the supply of housing in the ACT. More dwellings means less competition for renters – even if new dwellings are purchased by first home-buyers, this still means fewer renters competing for the other properties. Increased supply of public or community housing directly benefits the most vulnerable renters, while also reducing competition in the private rental sector.

Better Renting supports medium-density residential zones (RZ4) in areas of existing services and amenity to increase the supply of housing, amongst other benefits. We would particularly support re-zoning in areas close to significant areas, particularly the ANU, where rental unaffordability and homelessness continues to plague students. We believe an increased proportion of urban infill instead of greenfield development is the best option to preserve Canberra's identity as the Bush Capital, and that this can and should be done while preserving parks and green spaces in urban areas.

Zoning decisions should be made with a view to service-provision and existing amenity. We do not support unsustainable high-density developments in areas without appropriate infrastructure, such as public transport.

Ultimately, Better Renting would like to see the rental vacancy rate in Canberra closer to 3%. This represents a decent supply of rental housing for prospective renters combined with

sufficient demand to incentivise new construction. Importantly, it also reduces the 'replaceability' of tenants, making it easier for them to stand up for their rights without fear of retaliation.

### Energy efficiency standards

Canberra needs to improve the energy efficiency of new and existing buildings. With a changing climate and increasing temperatures, this is an essential measure that assists with both adaptation (reducing vulnerability to extreme weather) and mitigation (reducing climate pollution). Given the recent rises in utility costs, well above inflation or wage increases, it is particularly timely to be considering options to reduce energy consumption.

#### *Energy efficiency for existing rental properties*

Landlords don't pay utility bills for their investment properties, yet they are the only party able to make structural energy efficiency improvements. This is known as the 'split-incentives' problem and results in rental properties being less energy-efficient than the properties of owner-occupiers. For example, ABS (2013) data show that renters are four times more likely to be living in a home without insulation, and renters are three to six times more likely to be living in a property in "poor-derelict" condition, compared with owner-occupiers. (Baker *et al.*, 2016) Generally, renters live in properties that are in worse repair, draughtier, and less-insulated.

This has many adverse effects. It results in increased power bills for renters: a Pitt & Sherry (2014) analysis found that a typical property with an EER of 0 would have to spend an extra \$1800 on energy annually to be as comfortable as a property with an EER of 2. Low energy-efficiency also harms renters' health: one of the most effective health interventions in housing is to invest in warmth and energy efficiency. (Gibson *et al.*, 2011) And energy inefficiency results in avoidable electricity and gas consumption that increases the ACT's carbon footprint.

The ACT Government should introduce minimum energy efficiency standards for rental properties to address this problem. New Zealand and the UK have already taken similar steps; the Queensland government has passed legislation and plans to introduce regulations this year. (Caldwell, 2017) Minimum energy efficiency standards are also popular with both renters and landlords as a way of improving the energy-efficiency of rental properties. (Wrigley and Crawford, 2017) The introduction of standards could be combined with financial assistance measures to assist with compliance. This could include partial or full subsidies for ceiling insulation (potentially through the EEIS) or rebates on land tax or rates.

#### *Energy efficiency for new buildings*

Standards for new buildings are also important. While these buildings are only a small proportion of the total housing stock, it is easier to build properties efficiently from the start than to retrofit them. These properties will exist for decades and may, from the beginning of their life, be bought by investors and rented out.

The existing 6-star minimum for new buildings is inadequate. It is not sufficient to seize the benefits of energy efficiency, nor to appropriately anticipate the challenges of climate change. These standards should be increased as soon as practicable.

But simply increasing the standard is not enough. Anecdotally, many properties do not actually achieve their planned star rating, often through oversights in the construction process. The ACT should also introduce auditing or post-construction validation for energy-efficiency ratings, including air leakage measurement.

## Access to solar

Another area of concern for Better Renting is access to solar photovoltaics for rental households. Again, we see split-incentives resulting in sub-optimal outcomes for renters. In 2012, only 4% of rental households had solar electricity or solar hot water, compared with 20% of owner-occupiers.(Australian Bureau of Statistics, 2013)

Market-based solutions are emerging to solve the split-incentive problem by enabling private landlords to earn a return on investment when installing solar on a rental property. While Better Renting would like to see the benefits of solar photovoltaics being shared directly with tenants (for example, through reduced electricity costs) we support any measures that increase the penetration of solar as they assist with addressing climate change and have a deflationary effect on the wholesale cost of electricity.(Energy Synapse, 2017)

Better Renting urges the ACT Government to explore similar options for the public housing properties that are part of its own portfolio. For example, the ACT Government could install solar photovoltaics on rental properties and then retail the generated electricity directly to public housing tenants at a reduced cost. This would be cost-negative for the Government while also reducing the energy bills of vulnerable households.

## Bibliography

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