



# Legislative Council Environment and Planning Committee

**Inquiry:** Inquiry into Climate Resilience

**Hearing Date:** 6 November 2024

**Question[s] taken on notice**

**Directed to:** Community Housing Industry Association Victoria

**Received Date:** 26 November 2024

## 1. **The CHAIR, page 43**

### **Question Asked:**

We had evidence before from architects who were talking about the difference in the running costs for occupants of 2- and 2½-star versus 7-star accommodation. Do you have any evidence about what the running costs for tenants are of having more energy-efficient homes?

**Alex TRUDZIK:** Yes, sure. I do not have numbers off the top of my head. I know that the Victorian government have run projects in the past where they have done assessments of the difference this can make. Like I said, I do not have the numbers to hand, but I do know there is evidence out there which shows that tenants really can save lots on their power bills.

**The CHAIR:** If you come across any such material, the committee would be very happy to receive it on notice.

### **Response:**

Research commissioned by the Australian Council of Social Services in 2024 found that thermal efficiency upgrades, electrification, and rooftop solar could save the average Victorian home \$4,503 per year on energy costs. For the average apartment, it could save \$2,276 per year.

Evaluation of Sustainability Victoria's 'Victorian Healthy Homes Program' also found that energy performance upgrades for vulnerable, elderly residents improved their health outcomes and reduced healthcare costs. An estimated \$887 per person over the winter period was saved from the healthcare system.

## 2. **David ETTERS HANK, page 44**

### **Question Asked:**

Who does not like a good BOOT? Okay, I am going to demonstrate the breadth of my ignorance here. That 30 per cent cap – where is that actually defined legislatively?

**Alex TRUDZIK:** It is in the housing registrar, which is the regulatory body for

community housing in Victoria. It is within the performance standards that they set for community housing organisations, so they monitor the rents that community housing organisations charge to renters and make sure that they remain affordable, and that is set at 30 per cent.

**David ETTERS HANK:** So that is just by regulation; it is not actually an Act of Parliament or whatever –

**Alex TRUDZIK:** That is my understanding, but I can confirm that if I can take that on notice. My understanding is that is part of the regulatory framework and not actually set out in the *Housing Act* in legislation.

**David ETTERS HANK:** Could you perhaps take that on notice and then perhaps also give us a little bit of your thoughts on what a BOOT might look like or how you might actually address that question of ensuring that their co-contribution is indeed a good outcome for all parties?

**Alex TRUDZIK:** Yes, absolutely.

**Response:**

Registered Housing Agencies are required to set rents which are affordable for renters while maintaining financial viability. Delivering affordable housing to low-income renters is one of the performance standards that the Housing Registrar sets and monitors for community housing organisations. They must report to the Housing Registrar on the rent they charge to low-income households, as well as the existence of hardship provisions in place for instances where renters' incomes reduce significantly. The Registrar monitors whether rents are being charged below 75 per cent of market rent, and no more than 30 per cent of household income. Failure to meet this performance standard can lead to intervention by the registrar, under powers given to it under the Housing Act. Registered Housing Agencies are also bound by requirements under the Residential Tenancies Act to do with rent setting policy. For example, once rents are set, they cannot be increased excessively with reference to market rents, as determined by Consumer Affairs Victoria.

A better-off overall test could operate similarly to how it does in enterprise bargaining agreements between employees and employers. For example, renters would be able to sign a tenancy agreement that says they will make an ongoing contribution to the capital costs of an energy upgrade on their rental home in order to obtain reduced power bills. Consideration would have to be given to how this is administered and would need oversights to ensure renters are indeed better-off. Given the existing regulatory framework of the community housing sector, this could be incorporated into the existing performance standards that the Housing Registrar monitors housing agencies on. Renters in the private sector are able to enter into agreements with their rental providers to make these

sorts of co-contributions – the same could happen in the community housing sector, with this added protection of a regulatory environment protecting renters. If renters were found not to be not better-off, regulations could require that their community housing organisation must reduce their rents so that on balance renters are paying the same as they were before the upgrades. However this would also need to take into account whether energy usage had been increasing after the upgrades, and include strategies for maintaining energy usage.

### 3. **The CHAIR, page 49**

#### **Question Asked:**

You mentioned it earlier, and I assume it is exceptionally high, but the percentage of the community housing tenants who are on a form of income support – if you could just confirm that. Also, you talked about policy models or programs that would assist the community housing sector to do retrofitting of homes. If there are any examples of where such programs have existed in the past or in other jurisdictions, we would be really interested to see those. Again, we can probably get it through the housing registrar but you may wish to provide to us – the requirements that are placed upon you with respect to asset management and asset improvement: in a regulatory sense it would be useful to have some information about that as well. If you could follow up for the committee, that would be excellent.

#### **Response:**

According to the Australian Institute of Health and Welfare, 66 per cent of community housing households' main source of income is a form of government payment. 94 per cent of community housing households have low-income status.

In Victoria, the Victorian Property Fund Environmentally Sustainable Housing Funding Round 2017-18 provided \$1.2 million to seven community housing organisations to undertake a range of energy efficiency improvements to their properties. The organisations themselves made co-contributions worth \$1.5 million taking the total project investment up to \$2.7 million. It saw 385 different properties and apartment buildings upgraded, benefiting 1,428 households. It included installing 1,634kW of solar power, 26.2kWh of batteries, and 116 air conditioning units. It's estimated to reduce emissions by 1,788t CO<sub>2</sub> emissions per year. In South Australia, the state government has partnered with Tesla to create a virtual power plant – a network of homes with solar power and battery systems all working together as a single energy provider. Initially available only to

public housing renters, it has been expanded to provide access to 1,750 renters of the Unity Housing community housing organisation. These renters are estimated to save up to \$562 per year on their power bills, all while also reducing carbon emissions. Internationally, Slovakia has a state housing development fund that provides favourable loans for investments in deep retrofits of residential buildings and apartments. The Danish National Building Foundation operates similarly, and the Danish Government has also committed the equivalent of 4 million Euros for green renovations in the social housing sector, aiming to bring older properties up to contemporary standards. It's estimated this will cut 50,000t of CO<sub>2</sub> and reduce energy consumption by about 500gWh. And in Wales, 20 million pounds have been committed to reduce the carbon footprint of social housing – it is funding the retrofitting of over 1,000 homes. A range of other programs exist across Europe, and can be explored further at <https://www.housing2030.org/> and <https://www.housingeurope.eu/section-38/our-projects>.

Under the Housing Registrar's performance standards, community housing organisations are monitored for their setting and meeting relevant property condition standards, and for planning and undertaking responsive, cyclical and life-cycle maintenance to maintain property conditions. There are also performance standards relating to strategic asset management and asset development. This includes meeting specific legal and policy property condition requirements relevant in Victoria, and organisations may be requested to provide reports or summaries from property condition reviews. To obtain capital grant funding for new social and affordable housing, community housing organisations also have to comply with housing design guidelines specified by Homes Victoria. For example, funding rounds under the Big Housing Build have required projects to meet NatHERS 7-star rating, Greenstar 5-star ratings, and to follow the Better Apartment Design Standards.