



**Community Housing**  
INDUSTRY ASSOCIATION

# CHIA Submission: National Energy Performance Strategy



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## Introduction

**CHIA is the peak body representing not for profit community housing organisations (CHOs) across Australia. Our 150+ members manage a \$40 billion-plus portfolio of more than 115,000 homes, housing people on low and moderate incomes who find it hard to access affordable and appropriate tenancies in the private market.**

The Community Housing Industry Association (CHIA) congratulates the Government in its intention to develop a National Energy Performance Strategy (NEPS). We agree that improving energy performance will have substantial benefits. Our aim in this short submission is to focus on actions that will facilitate our member organisations to deliver these benefits for community housing tenants.

CHIA is represented on the Residential Energy Efficiency Disclosure Initiative (REEDI) advisory body and the Climateworks's Renovation Pathways project expert panel. Our submission is informed by participation in both initiatives.

CHIA is also a participant in the ACOSS-led community coalition for healthy and affordable homes. We have input into, and fully support, the ACOSS NEPS submission. In our own contribution, we have taken the opportunity to build on the ACOSS submission to highlight some specific issues for our sector which were too specific for inclusion in that document. We also offer suggestions about how these issues can be addressed. As a national body our suggestions are primarily focused on the roles of Commonwealth departments and agencies.

The reference to recommendations in this submission are from the ACOSS submission.

We would be pleased to expand on the points we have made and look forward to contributing to the further development of the strategy.

## Energy Governance

### **Link energy performance policy to housing agencies / departments responsible for housing strategy, policy, and programs. (Consultation Q2 P6)**

As stated in the ACOSS submission, *'responsibility for energy performance is distributed across a wide range of portfolios, ministers, jurisdictions, and businesses. There is no-one responsible to drive, measure, monitor and make recommendations to adjust existing and/or implement new programs to meet the targets.'* We fully support the ACOSS recommendation to *'establish a national energy performance body, to link policy areas together'*. This must include housing policy. Currently, no Commonwealth or state and territory housing department or agency responsible for social and affordable housing and housing policy / strategy appears to be part of the existing structures to drive energy performance improvements.

There are opportunities to facilitate integrated policy making, specifically:

- The National Housing Finance and Investment Corporation (NHFIC) is to become a national housing agency with additional responsibilities, notably, the design and delivery of housing programs. This

suggests it could also co-ordinate and assist in the delivery of housing sector energy efficiency programs. It should also be represented on the proposed national energy performance body and existing groups such as the REEDI.

- The Department of Social Services will be leading the development of a national housing and homelessness plan during 2023. Relevant actions from the NEPS should be articulated in the housing plan. Similarly, the next National Housing and Homeless Agreement between the Commonwealth and states and territories should incorporate actions arising from the NEPS that require both levels of government to participate.
- The Commonwealth and State / Territory Housing Ministers meetings have been re-established and this forum provides an opportunity for interaction / co-ordination with the equivalent Building and Energy Ministers' meetings.

### Drive energy performance in the community housing sector through improved regulation and support for the sector's own initiatives (Q3 P7)

CHIA supports the introduction of minimum energy efficiency performance standard for rental properties as outlined in recommendation 31 and, setting clear targets for improving performance in recommendation 4 and set out in detail from p11 of the ACOSS submission.

The sector will launch its own environmental, social and governance (ESG) standard<sup>1</sup> on 16 March. The standard includes metrics for (1) the number and % of homes which have been assessed against an energy ratings scheme and, of those assessed, the proportion in each rating) and (2) scope 1, 2 and eventually scope 3 emissions from community housing organisations (CHOs). There is an opportunity to align work to deliver the NEPS sectoral standards and targets with CHIA's implementation of the standard to ensure consistency in measurement. Over time, sector reporting may be useful to assess progress under the NEPS.

The community housing industry is independently regulated, with CHOs required to register under one or more of the three existing regulatory regimes i.e., Victoria, WA, and the National Regulatory Scheme for Community Housing that covers the other six jurisdictions. There is an opportunity to use these existing regulatory bodies to provide assurance about the sector's energy performance. While as a sector we are arguing for one uniform and nationally applied regulatory framework, each of the three regulatory regimes already operate with similar standards and all are responsible for assessing compliance against asset management standards. It ought to be possible via the Housing and Homeless Ministers' meeting to reach consensus that the regulatory regimes assess progress on energy efficiency standards in a common way.

## Residential

### Support the community housing industry to build new social housing to high energy standards sector (Q4 P7)

The ACOSS submission (p13) recommends more ambition in setting new residential build standards. CHIA agrees that *'continuing with an incremental approach to increasing new building standards, means home owners (including community housing organisations) would need to retrofit relatively recent stock a few times to meet the end goal by a later date'*. Social and affordable programs generally specify minimum

standards - recently 7 stars NaTHERS. We support the ACOSS recommendation (25) that *'all new social housing (should be built) at 7.5 plus star rating and renewable-powered, including through providing access to additional funding if needed'*. Tenders for new social and affordable housing that have ambitious energy performance standards should not be disadvantaged by comparison with other proposals, solely on cost grounds.

There are opportunities that will flow from constructing homes to higher standards. Building on work to quantify the cash, public sector savings and monetary wellbeing equivalents that can be unlocked through investment in social and affordable housing, CHIA and its partners commissioned the Centre for Urban Transitions, Swinburne University of Technology, to develop a tool that enables social and affordable rental housing project proposals to estimate these project-specific, wider social, green, climate and economic benefits. It will thus be possible to estimate the additional value of building to higher energy ratings, using low carbon building materials, and incorporating tree cover.

Furthermore, there is scope to use social and affordable housing procurement processes to support the creation of new supply chains that will lead to cost reductions.

### Decarbonising Social Housing (Q9-11 p8)

While information about social housing energy efficiency standards is not published, it is accepted that much of the older state and territory owned stock managed by CHOs performs poorly and contributes to Australia's greenhouse gas emissions, while also resulting in higher energy bills for residents. Using various, but partial and episodic, state and territory schemes, many CHOs have already made improvements to some of their homes. However, what is needed to make wholesale changes, is a nationally co-ordinated and systematic response. The UK Government's ten year social housing decarbonisation fund<sup>2</sup> should be reviewed as a possible model for emulation, and together with the ACOSS-led National Low Income Energy Productivity Program (NLEPP)<sup>3</sup> could provide a basis for an Australian strategy. Critically, the government's home electrification program should not precede fabric improvements, and should ideally work in tandem with energy performance improvements.

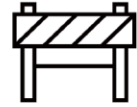
The fund could become part of the 2024-25 National Housing and Homeless Agreement with matching funds contributed by states and territories.

Clearly, factoring-in value for money considerations, not all existing homes could be upgraded for enhanced energy performance – there will be cases where the costs will outweigh the benefits. Instead, these units could be replaced potentially via an expanded Housing Australia Future Fund.

### Working with the Community Housing Sector to Deliver Change (Q4 P8)

In July 2021, the NSW government produced *'Supporting energy efficiency upgrades for existing homes through informed policy and program design'* as a contribution to the Trajectory for Low Energy Buildings National Framework for Energy Efficiency Disclosure process. It is an excellent distillation of the issues and challenges facing the social housing sector (community and public housing providers) – an extract is produced below. It could form the basis for sector strategy. Sadly, the report remains unpublished and unimplemented.

## 2.1 Sector-wide challenges



### Funding issues

- There are competing priorities for available funds, e.g. leaking roofs, broken windows, asbestos decontamination.
- Additional funding is limited e.g. from Treasury or capped rental rates.
- Many grants are set up to give money to property owners, however property managers (rather than owners) may actually be the ones responsible for making the required upgrades.
- Grants run out after a period of time, whereas no/low interest loans (that can be paid back from additional power a property may generate) leave the organisation with additional future funding.
- There's no one place that currently collates available sources of funding agencies or providers may be eligible for
- Costs for upgrades are born by the agency or provider, but savings go to tenants via their energy bills: which means it's unlikely these savings can be used to help pay for energy efficiency upgrades.
- Even if tenants are able or willing to contribute towards energy efficiency upgrades, there are barriers which make it difficult to incorporate contributions they make. Further if a tenant moves out of a property, future tenants may be unwilling or unable to contribute.
- Many homes are remote, and access to services in these areas is limited which increases costs around collecting data and making upgrades.

Spending on tenant comfort comes from the same bucket of money for fixing an overflowing toilet.

A lot comes down to funding that's available to us.

For social housing tenants you can't say 'I'll increase your rent by \$10 because you save \$20.

Another challenge is providers don't always own the properties and funding is only available to the owners.

Upgrade guidance is out there, but hasn't been put in terms of benefits and ongoing savings

### Deciding on what to upgrade

- The concepts and language around energy efficiency are complex, and agency and provider staff are generally not energy efficiency experts.
- It is not easy to quantify and qualify ways in which agencies and providers will benefit, as well as benefits to tenants.
- There is a lack of baseline data that can be used to help agencies and providers understand how their properties compare to properties across Australia, and/or properties that are owned or managed by others in the sector.
- There is limited information around:
  - which interventions give "most bang for buck"
  - reputable suppliers/brands
  - what improvements/technologies will really make a difference in the immediate and long term.
  - potential pitfalls associated with emerging technologies
- It can be hard to ascertain overall costs of interventions, beyond purchasing equipment. For example costs to find and manage contractors, an install, maintain and upgrade equipment - particularly in remote or rural areas.
- In some portfolios, the average age of homes is 40 years. While these properties are likely to be relatively energy inefficient, there is currently a lack of information that would allow owners or operators to assess whether it's worth upgrading them or taking alternative action (e.g. selling or rebuilding).

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CHIA is in the first stage of setting up a 'net zero' network to facilitate networking and information exchange between CHOs at both operational and strategic levels and to enable connections with other relevant industry and government bodies. The draft objectives include keeping members up to date with relevant research etc, and receiving briefings and advice from experts on topics of interest. Subject to resources, the aim is to collaborate on projects to assist the sector's transition to carbon neutrality. Examples put forward include providing CHOs with clear information about the climate issues they need to consider in strategic planning and operational activities along similar lines to that produced by the UK National Housing Federation<sup>4</sup>, and to collate and make accessible existing materials. The group will also to produce new tools, resources and training materials to support CHOs build new, and retrofit existing homes to high environmental standards.

Government support for such activities - ideally as part of a broader community housing industry development strategy as outlined in our 2023 pre-budget submission<sup>5</sup> - would greatly assist the network.

## References

<sup>1</sup> <https://www.communityhousing.com.au/our-advocacy/key-initiatives/>

<sup>2</sup> [Apply for the Social Housing Decarbonisation Fund: Wave 2.1 \(closed to applications\) - GOV.UK \(www.gov.uk\)](#)

<sup>3</sup> <https://www.acoss.org.au/wp-content/uploads/2021/08/Brief-Proposal-and-implemantaion-plan-for-National-Low-income-Energy-Productivity-Program-September-2021.pdf>

<sup>4</sup> <https://www.housing.org.uk/resources/decarbonisation-guide-for-housing-associations/>

<sup>5</sup> [Submissions – Community Housing Industry Association](#)