

Residential Tenancies and Rooming Accommodation and Other Legislation Amendment Bill 2024

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ENERGETIC COMMUNITIES
SOWING A COMMON THREAD

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Submission to Residential Tenancies and Rooming Accommodation and Other Legislation Amendment Bill 2024

This submission is a response to the [Residential Tenancies and Rooming Accommodation and Other Legislation Amendment Bill 2024](#) (henceforth, the proposed Bill) that has been introduced to Parliament on behalf of Energetic Communities Association. We are a state-wide association that undertakes research, engagement and advocacy in sustainable energy, energy equity, energy efficiency, sustainability and climate change adaptation and mitigation for vulnerable communities and households.

We support the proposed legislative changes included in the proposed Bill, which include the following:

- banning all forms of rent bidding
- applying the annual rent increase frequency limit to the property not the tenancy
- making it easier for renters to install modifications required to live safely and securely
- establishing a portable bond scheme
- setting professional practice expectations through a rental sector Code of Conduct
- requiring a prescribed form for tenancy applications and choice about how to apply
- limiting re-letting costs based on how long is left on a fixed-term lease

However, we wish to emphasise the need for further legislative reforms to more fully address affordability, equity, healthy homes for all, climate resilience and fairness that the above changes will fail to address without more realistic rental protections. These include:

1. The need to include energy efficiency minimum standards and disclosure alongside other minimum standards for rental properties, as have already been introduced in the ACT and Victoria.
2. The need to class the temperature range of a home due to its energy efficiency as a safety and wellbeing issue.
3. The need to introduce limits to the amount rents can be increased per year, linked to CPI.
4. The need to end the ability to terminate leases at the end of a fixed term agreement.

Over a third of Queenslanders rent and many people are renting for longer. Renters often face higher relative energy costs to run their homes. Furthermore, many rental households are low-income households and often forced to rent poorer quality homes - even more so in remote and Indigenous communities - yet current rental laws combined with economic conditions mean renters have very little to no control over the condition of their homes. The current reforms don't go far enough to address this. Renters are increasingly less likely to assert their rights for fear of eviction (including via fixed term leases not being renewed), or exorbitant rent increases (in the absence of caps on rental increases).

Recommendation 1: The Queensland Government must implement mandatory energy efficiency minimum standards and disclosure for rental properties in line with the Community Sector Blueprint.

The RTRAA was updated in 2017 to give power to the Minister to regulate for energy efficiency minimum standards, yet against significant justification, and social, environmental, economic and equity drivers, and greater ambition from other Australian jurisdictions, Queensland has not taken up this opportunity.

We ask the Queensland government to include energy efficiency minimum standards provisions in regulations to the Residential Tenancy and Rooming Accommodation Act (2008) to:

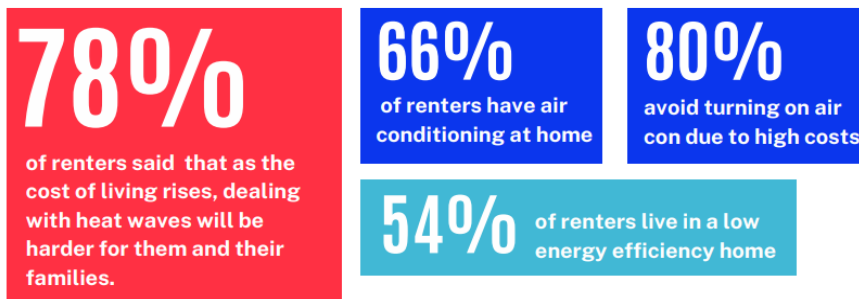
- initially require the energy efficiency features of a home to be disclosed at the point of advertisement, and eventually that the energy efficiency rating be disclosed on Entry Condition Reports; require lessors to consent to energy performance improvements to the property if there is no cost to them;
- initially introduce energy efficiency features, such as insulation, shading and reducing gaps and drafts; and
- eventually implementing performance-based standards, raising homes to a minimum 4-star rating.

While the Government included some minimum standards during Stage 1 of the rental reforms, supposedly to ensure that rental properties are “safe, secure and functional”, the fact that the temperature of our houses play a key role in the safety and functionality of our rental homes was overlooked.

A number of recent reports based on direct research with households highlight the financial, physical and mental health impacts of heatwaves combined with energy inefficient homes:

- ACOSS’ 2024 Summer Heat Survey¹
- Sweltering Cities Summer Survey report²
- Better Renting’s Summer Renter Researcher Report³

In ACOSS’ 2024 Summer Heat Survey, of the 1007 people who completed the survey, 80.4% said their home gets too hot in the summer, while over half (56.7%) said they struggle to cool their home. 66.1% of people surveyed in Queensland said their home gets too hot and they struggle to cool it. In the Sweltering Cities Summer Survey Report 2024, renters across the country also stressed the importance of energy-efficient housing and subsidies to afford cooling:



Source: Sweltering Cities, Summer Survey Report 2024: <https://swelteringcities.org/wp-content/uploads/2024/04/2024-Summer-Survey-report-v1.3.pdf>

¹ <https://www.acoss.org.au/wp-content/uploads/2024/03/ACOSSHeatSurveyReport2024.pdf>

² <https://swelteringcities.org/wp-content/uploads/2024/04/2024-Summer-Survey-report-v1.3.pdf>

³ https://www.betterrenting.org.au/renter_researcher_summer_24

Better Renting's Summer 23-24 Renter Researcher Report emphasised the particular impacts of heat for Queensland, which had the hottest homes for the renters that participated in the project. In Queensland, rental homes averaged above 28.2°C half of the time (50%), and homes were above 30°C for about 6 hours daily. Night-time temperatures exceeded 25°C for 86% of the time, while indoor temperatures exceeded outdoor temperatures over 60% of the time.

Renters should be able to know the efficiency rating or features of any house they're applying for or even already rent in, and that this should be as easy and clear as knowing the efficiency rating of their fridge. Even renters who may be in a position to choose a higher-performing home typically do not receive information such as energy ratings. Without effective consumer labelling requirements on the energy performance of homes for lease, renters can't know what impacts will be like on their bills, comfort or health.

Regulating mandatory energy efficiency minimum standards and disclosure is therefore required.

Queensland needs to catch up with other states and countries and mandate energy efficiency in rental properties, like they do in the ACT, Victoria, New Zealand and the UK (where the poorest quality homes are not allowed to be rented out). [The Community Sector Blueprint](#) (the Blueprint)⁴, was developed in response to the Victorian government leading a process to develop a National Framework for Minimum Energy Efficiency Requirements. The Blueprint provides an outline of key characteristics that should be present in state-based mandatory energy efficiency minimum standards and disclosure as part of the Trajectory for Low Energy Buildings, to which the Queensland Government has signed up to. The Blueprint offers implementation suggestions for policy and program design and principles.

Mandatory energy efficiency standards could be a whole of home performance-based standards (e.g., 5-star homes), or specific features-based standards (e.g., insulation or draught sealing). While from a holistic sustainability, equity, health and affordability point of view, Energetic Communities supports a performance-based energy efficiency minimum standard of 5 stars, we acknowledge that starting with features, such as insulation, can also provide significant benefits. Beyond providing privacy, simple features like window shading for example, can provide energy efficiency and thermal comfort and reduce air conditioner use.

The updated RTRAA should mandate disclosure of what the energy efficiency features of rentals are at the point of advertising. These can easily be listed on both real estate company and industry websites like realestate.com or any other advertising. Disclosure should be presented to prospective tenants at the point of advertising, the entry condition report and lease agreements. Once standards are in place, lessors should also be required to affirm compliance in rental advertising or state what exemption exists.

Renew⁵ analysed the annual cost of cooling and heating a 50m² living space in a typical Brisbane rental home with and without insulation (Figure 1), clearly demonstrating what rentals are currency missing out on with this simple measure (insulation was assumed to increase NatHERS ratings from 1 Star to 3.5 Stars). This is using today's electricity prices, meaning that future expected higher electricity prices would exacerbate the impact. Requiring insulation as a minimum standard was found to save

⁴ <https://www.healthyhomes.org.au/news/community-sector-blueprint>

⁵ Personal communication.

Brisbane renters around \$450 a year on energy bills. Rising energy prices mean that insulation was found to save Brisbane renters \$545 a year on cooling and heating costs from July 2023.

Some of the main reasons that are given for excluding mandatory efficiency minimum standards with disclosure was that “the cost of re-engineering older dwellings may be significantly greater than the cost of integrating energy efficient features at the design stage in new constructions...”, and “Requiring existing rental properties to meet current new dwelling standards may therefore be cost-prohibitive for rental property owners.” Energetic Communities is unaware of any justification for comparing costs to National Construction Code standards. The Blueprint does not ask that “existing rental properties meet current new dwelling standards”. Other options exist, including setting a performance standard lower than that for new homes, such as 5-star for example, or requiring features-based standards, such as insulation. That is, improvements do not have to be cost prohibitive.

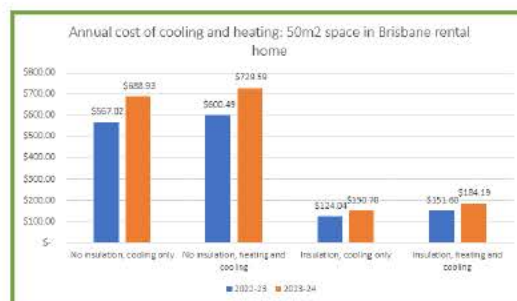


Figure SEQ Figure 1* ARABIC 1: Impact of energy efficiency upgrades in a rental home (impacts that renters currently miss out on).

Furthermore, homes do not necessarily need to be “re-engineered”, only upgraded (acknowledging some may need significant upgrades). Immediacy and priority should be given for the lowest rating homes, such as those up to a 2-star NatHERs rating. The cost of upgrading old dwellings should not leave renters living in poorer quality homes, especially if many of these poorer quality homes are rented by lower income families and tenants.

Improving the energy efficiency of rental homes is not simply an issue that can be addressed through education. There are no price signals, incentives, or requirements on landlords to raise the standard of their properties. Owner-occupiers have a clear financial incentive over time to invest in energy efficiency improvements due to reduced energy bills, whereas there is not a similar direct incentive to drive the behaviour of landlords to support tenants’ wellbeing. Further, many householders have competing priorities and motivations when finding a home, more so for renters with less agency and opportunities. This is exacerbated by an average tenure of around 13 months, and therefore the need to regularly find a new home, sometimes within 6 or 12 months. Finding an affordable rental, or a rental in your existing community are examples of competing priorities. Energy efficiency minimum standards and disclosure need to be mandated and systematic to work effectively and fairly.

Furthermore, landlords usually don’t undertake energy efficiency upgrades, even if funded, and even if it’s of no cost to themselves. This has been the experience in NSW, Vic and QLD. The NSW Home Power Savings Program cited by QCOSS, for example, showed that only 10 percent of private landlords gave permission for small improvements such as free efficient showerheads and draught strips to be installed under the program.⁶ At a landlord focus group conducted by Energetic Communities in early May 2023, the reasons given by the sample group of landlords was that to reduce any additional investment (time or money) they put into the property, many only respond to mandatory upgrades and direct requests for repairs.

Regulating mandatory energy efficiency minimum standards and disclosure is therefore required.

⁶ <https://www.qcoss.org.au/wp-content/uploads/2019/05/QCOSS-Choice-and-Control-the-experience-of-renters-in-the-energy-market.pdf>

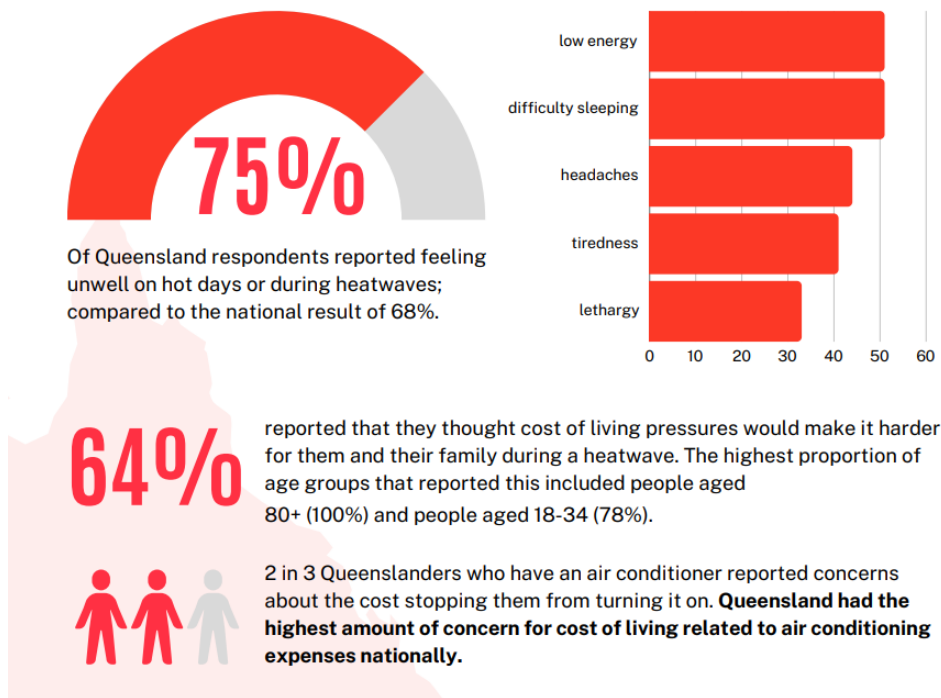
Recommendation 2: Class the temperature range of a home due to its energy efficiency as a safety and wellbeing issue.

The temperature range of a home due to its energy efficiency needs to be classed as a safety and wellbeing issue. The temperature of people's homes being too hot or too cold can cause health problems, and this can be worse in poorer quality homes, often rented by lower income households.⁷

Renters often live in the poorest quality homes yet have the least agency to improve their home. Energy Efficiency Minimum Standards and disclosure would protect the many rental properties that are currently way outside of the WHO's safe temperature guide – being way too hot to be healthy in summer and too cold in winter.⁸

Heatwaves are predicted to become the leading cause of death in Queensland this century, but unlike fire and flood, there is no statewide disaster plan for them. Previously published research from Macquarie University has linked 354 deaths in Australia to heatwave conditions between 2001 and 2018.⁹ Energy efficiency can improve resilience to heatwaves of residential buildings. Classing the temperature range of residential houses as a safety and wellbeing issue now, starting with rental properties where 30% of the population live but have no control over improving, will support the state to focus on mitigating this impending risk.

[Sweltering Cities Summer Survey Report 2024](#) highlighted the health impacts Queenslanders face due to heatwaves, and the financial impacts of energy inefficient homes:



Source: Sweltering Cities, Summer Survey Report 2024: <https://swelteringcities.org/wp-content/uploads/2024/04/2024-Summer-Survey-report-v1.3.pdf>

⁷ <https://swelteringcities.org/wp-content/uploads/2024/04/2024-Summer-Survey-report-v1.3.pdf>; <https://swelteringcities.org/wp-content/uploads/2024/04/2024-Summer-Survey-report-v1.3.pdf>

⁸ <https://www.abc.net.au/news/2022-06-01/how-to-keep-brisbane-queenslander-home-warm-during-winter/101113820>

⁹ <https://www.sciencedirect.com/science/article/pii/S2212420921006324>

Over the past 18 months, Energetic Communities has been collecting stories from renters about the impacts that extreme temperatures in their rental homes have had on their health. There are some horrifying stories ranging from people passing out on multiple occasions to people with disabilities not being able to perform daily tasks due to the temperature moving beyond recommended safe levels. Shockingly, one renter's child had to have part of their lung surgically removed due to the impacts of mould from the humidity build-up in the house caused by lack of secure ventilation. We have provided some of these stories as an additional attachment.

Housing is an essential service. The health and wellbeing of tenants should take precedence over the return of investment to property owners. If investors cannot supply adequate quality housing, they should leave the market (potentially increasing housing availability to existing renters nearing home ownership). While the cost to owners and risk of damage were often cited in Stage 1 rental reforms as an impact of introducing energy efficiency measures, not allowing such upgrades transfers health and financial costs onto tenants.

Recommendation 3: Introduce rent caps limited to CPI regardless of the number of annual rent increases.

Annual rent increases must be limited in line with the Consumer Price Index. We have an example of this kind of reform in Canberra, where there is a cap on rent increase to 110% of the percentage increase in Consumer Price Index (CPI) (rents can be increased by 10% more than the increase in the CPI).

Most renters understand that rents go up with inflation. However, rent rises in Queensland in recent years have been disproportionately impacting Queenslanders on lower incomes, who face housing insecurity and psychological stress as a result of excessive rent increases. In addition, they are living in appalling conditions in their houses out of fear of excessive rent increases.¹⁰ Interest rate increases are not a justification for property managers to arbitrarily and excessively increase rents, especially not at rates of 20% or more in a housing crisis¹¹ - let alone 60% or 385%¹² - which are clearly opportunistic price-gouging and demonstrate the urgent need for significant strengthening of rental controls.

Further evidence that there is a need for rent cap controls

- Data from the Residential Tenancies Authority (RTA) shows a median increase in all general tenancy rents of over 15% in the year to June 2023. This is the increase in rents for new tenancies, based on bond lodgement data.¹³
- Tenants Queensland service delivery data shows much larger increases. Of over 400 households which contacted Tenants Queensland since January 2023, median increases were at 21% of the current rent.¹⁴
- On average, rent increases were \$100 per week, or just under 25% of the current rent. 30% of Tenants Queensland clients had increases of between 25% and 50% of their current rent, while 4.5% had increases of between 50% and 75%. The largest increase was \$705 per week, bringing the rent to \$1500 for a sharehouse of six people.¹⁵ Using a Consumer Price Index (CPI) figure of 6.1%, only 6% of rent increases were in line or below this amount.

¹⁰ E.g. https://www.betterrenting.org.au/renter_researcher_summer_24

¹¹ <https://www.theguardian.com/australia-news/2022/oct/17/brisbane-real-estate-agency-advises-landlords-to-increase-rents-by-over-20-amid-housing-crisis>

¹² <https://www.theguardian.com/australia-news/2022/nov/03/landlord-demands-60-increase-in-rent-from-brisbane-tenant-amid-queensland-housing-crisis>

¹³ <https://tenantsqld.org.au/wp-content/uploads/2023/08/Ensuring-annual-rent-increase-frequency-limit-is-effective.pdf>

¹⁴ <https://tenantsqld.org.au/wp-content/uploads/2023/08/Ensuring-annual-rent-increase-frequency-limit-is-effective.pdf>

¹⁵ <https://tenantsqld.org.au/wp-content/uploads/2023/08/Ensuring-annual-rent-increase-frequency-limit-is-effective.pdf>

- Making Renting Fair have also documented unreasonable rent increases occurring across Queensland. Rental prices are increasing at more than three times the overall rate of the cost-of-living – an average of \$104 per week. This is inequitable and unsustainable.

By allowing excessive rental increases above CPI, property owners are afforded the opportunity to insulate their investment returns from interest rate rises; even those that have fully paid off mortgages are encouraged by real estate agents to capitalise on the housing crisis. The impact on tenants is that their homes are increasingly less affordable, with some tenants becoming homeless. Limiting increases to CPI is fair to both parties. It maintains returns to landlords, including through capital growth, whilst providing affordability, predictability and stability to renting households.

Recommendation 4: End to no-cause evictions, including non-renewal at the end of fixed term leases.

We need to end no-cause evictions, including at the end of a fixed-term leases. Alongside Tenants Queensland,¹⁶ we urge the Queensland Government to remove the lessor's ability to end a tenancy simply due to the 'End of a Fixed Term'. This ground was added in the final stage of Rental Reforms Stage 1 and equates to eviction with no reason. It undermines the security and stability of renting households, and their ability to enforce the rights they have for fear of an eviction at the end of their fixed term agreement. The power imbalance experienced by renters will continue as long as this ground for eviction remains in Queensland's tenancy laws.

To ensure energy efficiency in rental housing becomes the norm, we need rental protections. When renters are struggling to find a roof over their heads and fear unreasonable price increases or eviction - they do not ask for energy efficiency (or other minimum standards) even when they understand its importance.

Capping rent increases at CPI and removing no-cause evictions (including the end of a fixed term lease) will have an important impact in the roll out of mandatory energy efficiency minimum standards and disclosure to ensure rents remain affordable. It will also prevent immediate homelessness for renters on the lowest incomes. Renters are currently paying too much for electricity in often poor-quality homes, and lacking practical rental protections and therefore the agency to ensure the rights they do have are acted on.

We look forward to a future where all rental homes are healthy, and the energy required to keep them at a comfortable temperature in summer and winter is not excessive.

Energetic Communities Association

10th April 2024

¹⁶ <https://tenantsqld.org.au/wp-content/uploads/2023/06/Submission-Stage-Two-Rental-Reforms-May-23.pdf>