

Community Housing Climate Action Network (CHCAN) Policy and Regulatory Environment Overview

About the Community Housing Climate Action Network (CHCAN)

CHCAN was established by the Community Housing Industry Association (CHIA) with the support of Australian state and territory community housing peak bodies, to help the sector prepare for the inevitable impacts of climate change and reduce climate change causing emissions within their housing portfolios. The network is intended to be a community of practice to enable collaboration, the sharing of knowledge, resources and experience to help build our skills in this complex area.

Community housing organisations (CHOs) provide housing to vulnerable communities, often with the greatest exposure to climate change impacts. These include bushfires, floods and storms, higher average temperatures, and heatwaves, which impact community housing tenants and dwellings, and present challenges to our operations and governance. CHOs are often amongst the first responders for tenants during climate change events and need to be adequately prepared and resourced to manage these impacts.

Introduction

The policy and regulatory environment that surrounds CHOs can be both an enabler and a costly barrier to addressing climate change and improving tenant wellbeing. Forthcoming energy, construction and net zero policies set by federal and state governments may impact CHOs in terms of their operations or capital budgets or reporting requirements.

This report aims to summarise the most recent changes at the time of writing that are likely to have the greatest impact on CHOs, including tools and funding announcements.

National strategies and plans

Corporates, the finance sector and investors are increasingly demanding more Environmental, Social and Governance (ESG) disclosures, especially as mandatory reporting is currently being legislated for companies. ESG disclosures may become mandatory reporting requirements for CHOs in the future, however there are no current regulatory requirements. To support CHOs in their own ESG journey, CHIA developed the [ESG reporting standard for Australian Community Housing](#) in March 2023. It is a voluntary reporting standard to help CHOs manage environmental, social and governance risks and to drive more positive investment outcomes in the industry. The first annual review of early adopters for FY2022-23 can be found [here](#) (released September 2024).

From a national policy and regulatory perspective, there are three key national strategies and plans that support each other on improving energy access and efficiencies for residential households and commercial buildings that will impact CHOs and their tenants:

- **[Trajectory for Low Energy Buildings - 2019](#)**

A national plan that outlines policies to achieve low-energy and zero-carbon ready commercial and residential buildings in Australia. In parallel to this, the Department of Industry, Science and Resources (DISR) will be consulting on the Built Environment (Net Zero) Sector Plan, under the Australian Government's [Net Zero Plan](#).

Update: Will be updated by the end of 2024, consultation expected in the second half of 2024. Trajectory and pathway to be updated to reflect net zero by 2050 and 43% emissions reduction by 2030 and NEPS (see below) to be delivered together between Commonwealth, States and Territories.

- **[National Energy Productivity Plan \(NEPP\) - 2015](#)**

Cross-government strategy to improve energy performance and deliver energy efficiencies that is demand focussed and operates under the Energy Efficiency Working Group.

No recent update, target remains as to improve Australia's energy productivity by 40% between 2015 and 2030.

NEPP and NEPS have a similar objective and the Government is currently working through how they interact.

- **[National Energy Performance Strategy \(NEPS\) 2022](#)**

The strategy provides a long-term framework to improve energy performance for all Australians through energy demand management that will meet the 2030 and 2050 renewable energy and emission reduction targets.

Update: [The strategy was released in April 2024](#). The key points for CHOs are summarised below:

- **Expand the Nationwide House Energy Rating Scheme (NatHERS) to existing homes**

Trials are intended to begin in 2024 with the ratings to be available [from mid-2025](#). Currently NatHERS ratings cover new homes and major renovations.

Funding to support the expansion to existing homes was announced in April 2023.

- **Expand NatHERs to individual apartments**

This is expected in late 2024. This will include a review of how NatHERS (individual homes) ratings can be used with NABERS (common area of apartment buildings).

- **Expand NatHERS to a Whole-of-Home rating**

NatHERS will be expanding to include fixed appliance ratings, this is in addition to a home's thermal shell (existing NatHERS) rating.

- **Modernisation of Greenhouse and Energy Minimum Standards (GEMS)**

A review and reform to expand GEMS (which is energy product labelling) to better inform consumers in purchasing energy efficient appliances. The purpose is to improve energy efficiency in households through the purchase of higher star (more energy efficient) rated appliances. There is no specific time frame announced as to when this will be completed.

- **Develop a framework for minimum energy efficiency rental requirements**

Under the Trajectory for Low Energy Buildings a framework for minimum energy efficiency rental requirements will be developed. This has been in place in the ACT for rentals since 1 April 2023.

Victoria recently updated the [Gas Substitution Roadmap](#) to commit to new energy efficiency standards for rental homes in December 2023. There will be consultation on the new standard in 2024. The proposed new standards for Victoria, will include insulation, draught sealing, hot water, cooling and heating, with a specific standard for rooming houses.

- **Update of the National Construction Code (NCC)** to support net zero emissions and electrification of new buildings. From October 2023, new Australian homes must comply with a 7-star NatHERS energy efficiency rating under strengthened requirements. There will be more updates in 2025 and 2028 focussed on facilitating onsite renewables, EV charging and interventions to support a net zero plan and updates to avoid buildings being constructed that will require retrofit later. Commercial buildings will be the focus of 2025 updates and 2028 will be on residential.

Supporting Tools

The following tools are currently available or in development to support energy efficiency improvements:

- For sectors without a sector-specific NABERS rating, NABERS is developing a Universal Benchmark tool to be launched in 2024. The Universal Benchmark tool will be designed to support building managers and sustainable finance providers to identify and act on energy performance improvement opportunities.
- The [Residential Efficiency Scorecard](#) is a tool to assess energy efficiency for existing homes. It is endorsed by NatHERS, but does not provide a NatHERS rating. It is also supported by all Australian governments. Accredited Scorecard assessors can use the Scorecard to rate a home's energy use and comfort levels with targeted recommendations for improvements as an output.

- The Commonwealth Scientific and Industrial Research Organisation (CSIRO) is piloting a tool: [RapidRate](#). The tool uses artificial intelligence tool to estimate the NatHERS rating of an existing home with a high accuracy rate in the pilot thus far.
- [NSW Home Energy Study](#) offer free in-home energy assessments for selected households in NSW. The study seeks to improve energy efficiency in homes.

Funding

Finding ways to finance improvements or program objectives for CHOs can be challenging. The options can include banks, private investment, grant funding, subsidies, schemes or tax incentives.

It is expected that NatHERS ratings can unlock preferential interest rates through green loans from banks or private investment that can be used towards energy performance improvements.

Under the NEPS, there are a few funding opportunities summarised below:

Tax Relief: Small Business Energy incentive

Subject to being legislated, a \$310 million in tax relief through the Small Business Energy Incentive is planned. For eligible electrification and energy efficiency improvement costs it will provide an additional 20% tax deduction on eligible expenditure.

Timing: To be available for the 2023-24 financial year for businesses with an annual turnover of less than \$50 million.

Grants: Energy Efficiency Grants for Small and Medium Enterprises (SMEs) program

This \$62 million program provides grants to SMEs (up to 199 employees) for all industry sectors. Round 1 (\$16 million) funded monitor installations, energy audits and equipment replacement.

Timing: The second round of the program will be delivered in 2024 (\$40.7 million).

Co funding: Social Housing Energy Performance initiative

\$300 million social housing energy performance initiative to support 60,000 social housing properties through energy efficiency or electrification or fuel switching. To be delivered and co funded with state and territory governments (see more below in the state and territory summary for progress to date). Supported activities are expected to include insulation and draught proofing, solar PV and batteries, installation of energy efficient appliances.

Timing: state / territory dependent, see summary in state and territory section.

Co funding: Community Solar Banks program

This program will co-invest \$101 million with state and territory governments to install community-scale solar, rooftop solar and clean energy to 25,000 households that cannot install their own rooftop solar. This includes households from renters or apartment-dwellers, which will provide access to cheaper and cleaner electricity.

Timing: unknown.

The following are other national initiatives to support energy security that may impact CHOs:

- **Households:** \$200 million to deploy 400 community batteries Australia wide to provide shared storage for up to 100,000 households over four years.
- **First Nations:** Development of the First Nations Clean Energy Strategy, that will give First Nations people a voice in renewable energy policies and programs. The strategy will identify areas for future investment and improvements including energy performance.
- **Regional areas:** \$125 million Regional Microgrids Program from ARENA for remote and regional communities, including \$75 million in First Nations communities.
- **CHOs office operations:** energy performance improvements through the CitySwitch program to support office tenants and local governments to decarbonise.

State and territories summary

There are several initiatives and programs underway across all states and territories. They are not all captured here, but some examples from NSW and Victoria (VIC) are mentioned below along with a summary of energy efficiency measures across Australia (see figure below).

NSW - Improvements to BASIX standards (1 October 2023)

Aligned to meeting the Trajectory for Low Energy Buildings, the NSW Government's Net Zero Plan, and to the updates to the NCC. The changes include a new requirement for reporting on the embodied emissions of key construction materials used in a home, though no performance target will initially apply. The increased energy requirements will not apply to homes on the north coast (in NatHERS Climate zones 9, 10 and 11) and apartment buildings up to 5 storeys.

Funding

NSW Social Housing Energy Performance Initiative

NSW has announced a plan for the federal co-funding for the Social Housing Energy Performance Initiative. \$175 million will be co-funded by NSW and Commonwealth Governments to upgrade 24,000 social housing properties by June 2027, starting in June 2024.

It is likely to cover a range of upgrade measures to a limited number per property and preferentially will be provided to the poorest performing homes in areas prone to extreme

heat or cold. The NSW Government and DCCEEW have indicated a portion of the funds will be made available to CHOs and that there will be a co-contribution required from CHOs, possibly 20%-50% of the costs. The latter is still to be confirmed.

VIC [Energy Efficiency in Social Housing Program \(EESHP\)](#)

This program represents \$158 million to support energy efficiency upgrades for 35,000 public, community and Aboriginal housing properties.

\$46 million for this program has been contributed from the Commonwealth Government which will go towards supporting:

- Social housing renters in switching to electric appliances to lower their energy bills.
- \$16 million will be allocated to rooftop systems grants of up to \$2,800 per apartment or up to \$140,000 total for each apartment building will be available for residents of up to 5,000 Victorian apartments. This funding is part of the Commonwealth's Community Solar Banks program.
- Upgrades will be available across Victoria, and prioritised based on renter needs, housing condition and location.

Energy Schemes

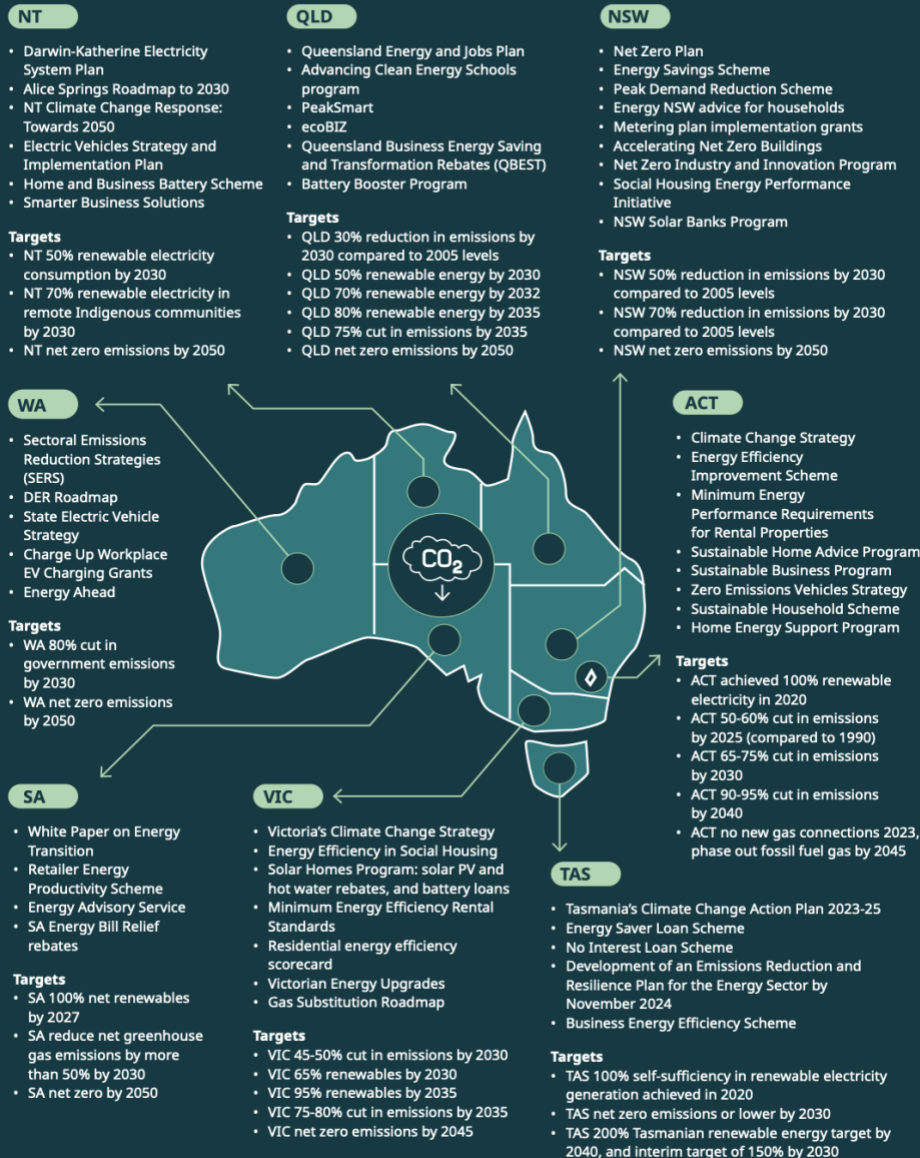
NSW: The [Energy Savings Scheme \(ESS\)](#) provides rebates for lighting and hot water upgrades. The latest rule was published on 19 December 2023 and commences on 19 June 2024. It includes an allowance for energy savings certificates (ESC) to be created using the previous ESS Rule (which commenced on 14 April 2023).

VIC: Victorian Energy Efficiency Certificates (VEECs) are issued under the [Victorian Energy Upgrades \(VEU\) program](#) to allow households and businesses to receive rebates or discounts on energy-saving products.

A summary of initiatives by state and territory is shown in the figure below, taken from the NEPS:

State and territory initiatives

A lot of work is already underway at a jurisdictional level and increasingly across the National Energy Transformation Partnership working groups.



Source: DCCEEW, [National Energy Performance Strategy](#) (NEPS), 2024

The impacts of the programs and initiatives mentioned above will result in a requirement for existing homes and offices to reduce their energy consumption and include switching to alternative fuels and energy, amongst other measures.

As some of the programs and timeframes are still being worked out, it is intended that through CHCAN members can share information on changes to keep updated.

This Roadmap and associated resources have been prepared for use by Community Housing Organisations across Australia to support their journey in building climate resilience into the homes they own and/or manage to enable better outcomes for their tenants and contribute to reducing the worst impacts of climate change.

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