



This issue paper has been drafted to be read in the context of the Residential Building Mandatory Disclosure (RBMD) Regulatory Impact Statement (RIS). It is provided to allow stakeholders to provide input on issues which cannot be fully explored in the regulatory impact statement at this stage but which may be integrated into the RBMD scheme at a later date.

ISSUE PAPER: SOCIAL HOUSING

OUTLINE OF ISSUE

'Social housing' is a broad term that includes public housing, state owned and managed indigenous housing, community housing, Indigenous community housing and crisis and transitional housing¹.

The Consultation RIS 'Mandatory Disclosure of Residential Building Energy, Greenhouse and Water Performance' (July 2011) notes that social housing tenants are, by definition, limited in their choices for accommodation and in the extent to which they can demonstrate a preference for housing with higher energy and water efficiency. As a consequence, the RIS envisages that social housing would be treated somewhat differently to other residential property types under a mandatory disclosure scheme.

The RIS does not specifically identify how the treatment of social housing would differ, recommending that this should be a matter for separate analysis. This paper is intended to seek stakeholder feedback on this issue.

Some preliminary views on the treatment of social housing under mandatory disclosure have already been provided by the Housing Ministers' Advisory Committee (HMAC) and are discussed where applicable.

CRITICAL ISSUES

Sales of Social Housing

The core business of social housing providers is to provide affordable rental accommodation for specific groups in the community. On occasion, however, these providers enter the real estate market to sell social housing to private purchasers. In these circumstances social housing should be treated no differently than other residential property types. This view is shared by the HMAC.

Influencing Market Choice by Renters

One of the objectives of mandatory disclosure at the time of lease is to inform and influence people's choices in the buildings they rent and/or the rents they will pay. However, the ability of social housing tenants to choose between accommodation options is constrained and rental rates are usually determined based on incomes. Given these facts, it would seem less likely that this objective of mandatory disclosure will be met in the social housing sector.

¹ Productivity Commission, Report on Government Services 2011

Fostering Investment by Residential Building Owners

Another objective of mandatory disclosure at the time of lease is to foster energy and water efficiency investment by residential building owners to provide accommodation with lower running costs and better amenity for tenants. In the case of social housing, the building owners are government and not-for-profit organisations which have less scope than private providers to recover efficiency investment costs.

Fostering Investment by Residential Building Tenants

Tenants in social housing, as in the market generally, are responsible for paying ongoing energy and water bills. Another objective of mandatory disclosure is to provide information to tenants to foster investment in energy efficiency measures following occupation of the building.

Because they are not the owners of the property (either the building envelope or the major fixed appliances), and because they tend to have lower than average incomes, there may be little capacity for such investment by social housing tenants.

Alternatively, it could be argued that it is particularly important to provide efficiency information to low income tenants because of their vulnerability to rising energy and water costs. Information could be provided in a disclosure certificate on specific low-cost ways to reduce energy and water bills, such as installing water efficient showerheads, draught preventers, efficient lighting, or setting air conditioner set points to run more efficiently.

Council Of Australian Governments (COAG) National Strategy on Energy Efficiency (NSEE) Measure 3.3.4

The COAG NSEE includes Measure 3.3.4: *States and territories to audit the energy efficiency of their public housing stocks*. If comprehensive, rolling audits were undertaken of all social housing stock, this might fulfil the objectives of mandatory disclosure as they relate to public housing. HMAC is of the opinion that, if state housing authorities chose to opt in to a mandatory scheme in future years, Measure 3.3.4 should be reviewed to ensure it is not duplicative of the mandatory disclosure scheme.

HOW TO PROVIDE INPUT

Interested parties are invited to provide input and feedback on the issues raised in this paper to help in determining future policy actions. Submissions close 12 September 2011. Submissions and comments can be sent to residentialdisclosure@climatechange.gov.au OR:

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