COMMUNITY HOUSING
Industry Association Victoria

Submission

Victoria's 2026-30 Climate Change Strategy

April 2025

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About CHIA Vic

The Community Housing Industry Association Victoria (CHIA Vic) is the peak body that represents the not-for-profit community housing sector in Victoria. We advocate for and support the sector to grow and thrive as part of a housing system where all Victorians have the dignity of an appropriate, secure and affordable home.

CHIA Vic's member organisations include all community housing organisations registered under the Victorian regulatory framework. Together, they provide over 26,000 homes to Victorians poorly served by, or excluded from, the private rental and ownership market.

Community housing organisations are dedicated to delivering new homes that provide thermal comfort while minimising environmental impacts. We are proud to be partnering with government to deliver thousands of high-quality, brand-new energy efficient homes, and upgrading or redeveloping ageing social housing approaching the end of its useful life.

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Submission

Commit to retrofitting all social housing

All newly built community housing meets 7-star NaTHERS energy efficiency standards, and in many cases CHOs have gone further to ensure their new builds are comfortable and affordable to run for renters. Some of the additional standards that CHOs have delivered under the Big Housing Build include Green Star and Passive House certification, while other projects have focused on smart design to reduce the need for mechanical heating and cooling (see case study 1 below).

But existing, and particularly older stock, require upgrades and retrofits to provide the energy efficiency and climate resilience that all renters deserve.

Case Study 1: Women's Property Initiatives and Nightingale

Women's Property Initiatives (WPI) is a not-for-profit, community housing organisation that provides homes, support and advocacy for women and children at risk of homelessness.

WPI has partnered with Nightingale – a not-for-profit organisation that builds sustainable apartments – to deliver homes in Brunswick.

These apartments have been built and managed based on social, environmental and financial sustainability principles. Funded through the Big Housing Build, they are part of Australia's first carbon neutral residential project and have a minimum 7-star NatHERS rating.

The inclusion of double-glazing, good insulation and cross ventilation has allowed these homes to provide thermal comfort without the need to include split system air conditioning.

The 2026-30 Climate Change Strategy (the Strategy) should commit to and plan for the retrofitting of all social housing to be made climate resilient and energy efficient.

Community housing organisations predominantly house people on statutory incomes, who pay no more than 30 per cent of that income on rent. This rent covers the costs of tenancy management, standard maintenance and a reasonable upgrade cycle. As not-for-profit organisations, they have limited funds to carry out the full extent of upgrades that would benefit renters and contribute to a net-zero carbon emissions future. As such, any plan for retrofitting social housing should consider how all these retrofits can be resourced, either by grants, co-funded by government or supported through no-cost financing.

Through the Victorian Government's Energy Efficiency in Social Housing program, supplemented with funding from the Commonwealth's Social Housing Energy Performance Initiative, many energy upgrades have and will be undertaken. As the summary report highlights, 45,000 individual upgrades (including full electrification of 5,000 social homes) have already been delivered through government funding. We acknowledge and thank the Victorian and Commonwealth governments for this investment to date.

In partnership with other community housing peaks across Australia, CHIA Vic has established a national Community Housing Climate Action Network. The network recently launched a Climate Action Roadmap for community housing organisations across Australia. One of the elements of the roadmap is to identify and try to secure funding sources for this work.

The Strategy is a chance to extend the work that the Victorian Government has achieved to date, and lock in plans to progressively retrofit the whole social housing portfolio. Doing so is central to its emissions reductions aims. It would also reduce energy costs and improve health outcomes for Victorians most in need.

Contribution to emissions reductions

According to Sustainability Victoria, 23 per cent of Victoria's greenhouse gas emissions come from homes.[1] Over 50 per cent of all Victorian homes require significant improvements to improve their energy efficiency. This shows that retrofitting homes, particularly older ones more likely to be less energy-efficient, is fundamental to Victoria meeting its target of net-zero emissions target by 2045.

Case Study 2: emissions reductions through the Victorian Property Fund's Environmentally Sustainable Housing Funding Round

In 2018, seven community housing organisations were awarded $1.2 million in grants through the Victorian Property Fund's Environmentally Sustainable Housing fund to improve energy efficiency to over 1,400 homes. The organisations also contributed a total of $1.5 million to bring the total project investment to $2.7 billion.

An evaluation of the project found that 1,746 MW of solar power per year was generated from 1,634 kW of solar and 26.2 kWh of batteries installed. An estimated emissions reduction of 1,788 t CO_2-e per year was achieved – the equivalent of taking 385 cars off the road.

Source: https://chiavic.com.au/wp-content/uploads/2021/06/11787-CHIA-Victorian-Property-Fund-Report-Singles-1.pdf

[1] https://www.sustainability.vic.gov.au/research-data-and-insights/research/state-of-sustainability-report/state-of-sustainability-report-2024/housing-thermal-quality-and-energy-efficiency-2

Whilst new social housing is built to a minimum 7-star NatHERS rating, older stock is likely much lower. In 2016 audits found the average age of Victoria's public housing stock was 35 years, with 60 per cent of it being over 30 years old.[2] Sustainability Victoria estimates that the average House Energy Rating of pre-2005 Victorian homes is 1.8 Stars.[3]

Lowering energy costs for those who need it most

As well as lowering emissions, improving the energy efficiency of social homes would also give energy bill relief to those who need it most. Analysis by Deloitte Access Economics in 2024 found that modest energy upgrades and rooftop solar installation would save the average Victorian household $3,689 annually on energy bills.[4]

For social housing renters, these are life-changing savings. A single parent living on a JobSeeker payment typically earns around $31,000 per year. The average energy bill savings would be the equivalent of around 12 per cent of their household income – or 16 per cent of their remaining income after paying rent.

And a couple living on the Age Pension, who earn around $41,000 per year, would save around 9 and 13 per cent respectively on their pre- and post-rent income.

Case Study 3: energy bill savings through Solar Victoria's Solar for Community Housing program
Since 2019, 24 community housing organisations have installed solar PV systems in over 1,000 individual homes with rebates from the Solar for Community Housing program. One organisation, Haven Home Safe, installed solar on 152 properties across the Loddon Mallee region. This helped renters cut their energy bills by more than 50 per cent, sometimes by over $1,500 a year. One renter delightedly reports that they have reduced their quarterly energy bills from around $600 to around $220 – an annual saving of $1,520.

Source: https://www.solar.vic.gov.au/providing-affordable-renewable-energy-those-who-need-it

[2] VAGO, 'Managing Victoria's Public Housing', p. ix, accessed at https://www.audit.vic.gov.au/sites/default/files/20170621-Public-Housing.pdf

[3] Sustainability Victoria, 'Comprehensive Energy Efficiency Retrofits to Existing Victorian Houses', p. 10, accessed at https://assets.sustainability.vic.gov.au/susvic/Report-Energy-Comprehensive-Energy-Efficiency-Retrofits-to-Existing-Victorian-Houses-PDF.pdf

[4] Deloitte Access Economics, 'Powering progress: Energy upgrades to low-income housing', p. 24, accessed at https://www.acoss.org.au/wp-content/uploads/2024/07/ACOSS-Deloitte-low-income-energy-upgrades-Final-July-2024.pdf.

Improved health for vulnerable Victorians

Thermally efficient homes also produce better health outcomes: raising average home temperatures from 16°C to 20°C has been shown to improve cardiovascular health in a similar way to lifestyle and dietary interventions.[5] And having gas stoves leads to a 42 per cent increased chance of asthma in children.[6] A study of the Victorian Healthy Homes Program showed that thermal shell and energy efficiency upgrades saved the healthcare system $887 per person over winter.[7]

Ensuring retrofits of social homes will give renters health benefits they otherwise couldn't access, and that their community rental providers cannot fund at scale. It will also reduce the financial costs to government associated with negative health impacts.

Specific assessment of minimum rental standards for the social housing sector

Minimum rental standards can be an effective tool to put all Victorian rental homes on a pathway to becoming energy efficient and climate resilient. But their implementation and regulation must acknowledge and reflect the differences between the private and social rental sectors.

Introducing such standards is referred to in the Government's current Climate Change Strategy, and in 2024 a Regulatory Impact Statement for a set of proposed standards was released for consultation. CHIA Vic made a submission at the time that highlighted the potential for the standards to have adverse impacts on non-profit community housing organisations, and their low-income renters.

Our submission noted that the analysis assumed all rental providers to be either individuals or corporate entities that own and manage housing for profit. From this it concluded that rental providers may absorb implementation costs through decreases to profits, and passing on costs to renters via rent increases.

The nature of the non-profit community housing sector means this is not only undesirable, but also not feasible. Community housing sets rents as a proportion of income, which means that revenues only increase as renter incomes increase. This limits the ability of community housing organisations to absorb upgrade costs as an operational expense. They also cannot pass them on to renters in the form of higher rents, even if this could be shown to benefit renters overall through energy bill savings.

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[5] Climateworks Centre (2023), 'Climate-ready homes', https://www.climateworkscentre.org/wp-content/uploads/2023/12/Climate-ready-homes-Building-the-case-for-a-renovation-wave-in-Australia-Summary-report-Climateworks-Centre-December-2023-1.pdf, 28.
[6] Ibid, 29.
[7] Ibid, 29.

Unless implementation of retrofitting requirements through minimum standards is well planned, new regulations could put the financial viability of charities at risk and, where minimum standards can't be met due to insufficient capital, could reduce the number of social homes available.

We have recommended that for all current and any future minimum rental standards, government conduct a regulatory impact assessment specifically for the social housing sector. Importantly, whatever standards are imposed on the sector must be accompanied with resourcing to ensure they can be fulfilled without reducing available social housing. We reiterate our willingness to work in partnership with government to maximise the energy efficiency, amenity and thermal comfort of social homes.

Conclusion

CHIA Vic and the community housing sector supports the aims of the Strategy to reduce emissions and to make Victoria more climate resilient and prepared. Our members have demonstrated their willingness and capacity to contribute to this through retrofits and upgrades, when they have been able to resource this.

They will continue to look for these opportunities, and as the sector peak we will continue providing resources and support for this through the Community Housing Climate Action Network and other avenues.

The Strategy could set out a pathway to considerable emissions reductions in the residential sector by committing to upgrades of the whole social housing portfolio. These reductions are necessary if Victoria is to reach its overall goal of net-zero by 2045. They would have the additional benefits of reducing the cost of living and improving the health outcomes of those Victorians that need it most.

We also take this opportunity to highlight the important differences between the private, for-profit rental sector and the non-profit, community housing sector. The implications of having identical regulations for both sectors on minimum standards means risking the ability of non-profit housing organisations to remain financially viable. Ultimately this means risking the number of social homes that are available to vulnerable Victorians in housing insecurity.

We offer to work with government on developing standards and resourcing that would help the sector provide thermally comfortable and climate-ready houses, for the tens of thousands of low-income Victorians who call them home.