

Energy efficiency for rental homes in Victoria

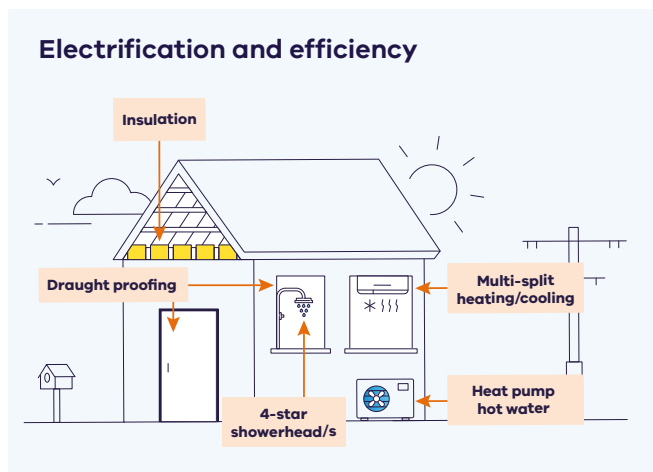


The Victorian Government has delivered on its commitment to expand efficiency standards for rental homes

New minimum energy efficiency standards for rental homes will be phased in from 1 March 2027. These reforms will make rental homes safer and more comfortable to live in, save renters hundreds of dollars a year on their energy bills, and cut emissions.

These changes will also improve property values, with [recent data](#) showing energy efficient houses in Melbourne are fetching up to \$197,000 more than non-energy efficient houses, while units averaged at \$95,000 more.

These standards build on existing health and safety standards that have been in place in Victoria since 2021, and a 2-star heating standard that was introduced in 2023. The new standards cover the most cost-effective measures for cutting energy waste in the home – insulation, draughtproofing and low-flow showerheads, as well as efficiency ratings for hot water, heating and cooling.



The standards are designed to improve rental homes while keeping costs manageable for rental providers. The standards also kick in at different times to help spread expenses over time:

- **From 1 March 2027**, heating and hot water systems that reach end of life must be replaced with efficient electric systems (hot water heat pumps or reverse cycle air-conditioners RCAC). At the start of a new lease (or conversion to a periodic lease) 4-star showerhead/s and cooling in the main living area must be installed.
- **From 1 March 2027**, at the start of a new lease (or conversion to a periodic lease), insulation must be installed in ceiling spaces where no insulation is present by an accredited installer.
- **From 1 July 2027**, be installed by an accredited installer where no insulation is present at the start of a new lease (or conversion to a periodic lease), external doors, windows and wall vents must have draught proofing installed.
- **From 1 July 2030**, efficient electric cooling must be installed in the main living area of all rental homes, irrespective of whether a new lease has been entered into.

Exemptions apply where compliance is impractical or costly – for example in apartment buildings where the ceiling space is shared property, or heating or hot water are supplied by a centralised system. There is also an exemption from draughtproofing where open-flued or flueless gas appliances are present to ensure the health and safety of occupants.

The Victorian Government supports rental providers to invest in energy efficiency and electrification

Installing an efficient electric air-conditioner also provides the added benefit of heating – enabling compliance with the heating and cooling standard at least cost.

The Victorian Energy Upgrades (VEU) program provides discounts for energy efficiency upgrades such as replacing a gas space heater with a reverse cycle air conditioner and replacing a gas hot water heater with a heat pump water heater.

Discounts are also available for showerheads, draughtproofing and home energy assessments. Ceiling insulation discounts are expected to be available by 1 January 2027.

For more information see **energy.vic.gov.au/victorian-energy-upgrades**

Solar for Rentals offers eligible landlords rebates of 50 per cent of up to \$1,400 for the installation of solar panels (PV), slashing the upfront costs of solar while raising the value and appeal of their property.

Eligible rental providers can apply for an interest-free loan of up to \$1,400 to further reduce the upfront cost of the solar panel system.

For more information see **solar.vic.gov.au**

Did you know?

- The new standards are not expected to impact rental supply, with real estate sector research showing that the introduction of health and safety standards in 2021 did not lead to an increase in rents or sales by rental providers.
- There is long-standing evidence that voluntary programs and incentives don't encourage investment in energy efficiency upgrades in rental homes – because the costs are incurred by the home-owners while the bill saving and health benefits largely go to the tenant. That's why carefully targeted regulation is needed to ensure renters do not miss out on the benefits of efficiency and electrification.



Learn more at **energy.vic.gov.au/electric-and-efficiency-standards-for-buildings**

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