Improving Sustainable Housing in Queensland

Submission by the Property Council of Australia (Qld)
September 2008

A submission prepared by the Property Council of Australia (Queensland Division) for the Department of Infrastructure & Planning
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Responses to Discussion Paper

2.1.1 The Property Council does not oppose requiring all new houses be built to a five-star (out of ten) energy equivalent rating.

2.1.2 The Property Council is supportive of further investigation into new units to be built to a five-star (out of ten) energy equivalent rating, providing industry is well engaged so that property owners are not subjected to further costs and unnecessary regulation.

2.1.3 The Property Council proposes that the provision of outdoor-indoor living areas should be recognised as a significant contribution to the calculation of star ratings.

2.1.4 The Property Council is opposed to developing a star rating for building materials.

2.1.5 The Property Council has no opposition to investigation being undertaken into banning residential estate covenants which restrict the use of energy-efficient design features and fixtures, provided the property industry is fully engaged in the process.

3.1.1 The requirement of 4 star toilets, 3 star tap ware and 80% energy efficient lighting in new dwellings has considerable merit and is supported by the Property Council providing it does not adversely affect housing affordability pressures.

3.1.2 The Property Council supports the continued phase out of electric hot water systems.

3.1.3 The Property Council is opposed to mandatory requirements for point-of-sale / point-of-lease disclosure. It is recommended that a comprehensive, voluntary and well marketed benchmarking tool be introduced to more effectively promote the sustainability features of a house.

3.1.4 The Property Council believes that regulation of air conditioners is best to come from the Federal level.

3.1.5 The Property Council is opposed to requiring photovoltaic (solar) energy to be installed on large houses.

3.1.6 The Property Council would support Queensland Building Codes investigating minimum energy-efficiency ratings for pool pumps.
Other Key Recommendations

1. The Queensland Government should deliver an incentives and toolkit program to encourage greater sustainability in the built environment, through:
   1.1 a nationally consistent energy efficiency certificate scheme, as being introduced in other states;
   1.2 a green building tune-up and retrofit program, to help improve existing buildings;
   1.3 planning bonuses (e.g. densities, GFA);
   1.4 reduced infrastructure charges;
   1.5 rate and land tax reductions for sustainability criteria delivery;
   1.6 loans and funding programs to encourage innovation in retrofitting existing buildings; and
   1.7 a green door – faster and simpler approvals for sustainable developments.

2. Reduce the regulatory and compliance burden that limits the capacity of industry to provide greener dwellings;

3. Extending feed-in tariffs to all types of energy generation and for all classifications of property, and;

4. Fund a skills, training, and resources program to give property professionals greater capacity to deliver new and retrofitted green dwellings.
Overview of the Property Industry Position

The following is provided to further clarify and provide the context of the position of the property industry.

Focus on improving green skills and educating the public on environmental awareness

The Property Council believes that the information and education program accompanying these sustainability measures is essential to the program’s overall success. It has been proven during the water shortages facing Brisbane over the last few years that dramatic successes can be achieved through education.

Further, to deliver more sustainable housing in Queensland, there will need to be a steady supply of appropriately skilled professionals to implement growing regulations.

This will require financial and administrative support for training programs, to ensure there are enough people with the relevant experience to help owners make energy efficiency gains at the point of sale of a contract.

Housing affordability

The Property Council has serious concerns about the pervasive and historically low level of housing affordability in Queensland. As such the industry is acutely sensitive to additional regulation and cost implications to Queensland families seeking housing.

Nevertheless, the Property Council congratulates the State for seeking an appropriate balance between sustainability and housing affordability in this discussion paper.

The Property Council believes that the most cost-effective way to increase the sustainability performance for new and renovated homes is to focus on improving designs so that houses are constructed with inherent features that will deliver sustainable outcomes for life of the building.

Making deep inroads into sustainability – incentives move markets

There is value in investigating the development of a set of rating guidelines and initiatives that provide industry and consumers with a clear set of measures of what would be required to increase the sustainability features of a dwelling. In that respect, it must be made clear what is expected from a building if it is to achieve a six, seven, eight, or nine star rating. We need clear benchmarks as to where our housing market is at and where it has to be if we are to achieve higher levels of energy efficiency rating greater than 5 stars.

We must set the pathways for our innovators to follow, define our objectives that we seek to achieve and document the bar of what is required to get there. A focus should be on desired outcomes rather than picking certain technological fixes that could stifle truly innovative development.
Split incentives need to be addressed

When a developer produces a list of extras and options to a first home buyer, sustainability features are nearly always the first item to be removed from the wish list when quotes come in above budget. Purchasers are environmentally conscious and concerned about sustainability challenges, but not really prepared to pay the extra cost of sustainability features, despite the obvious benefit to them over the medium and long term.

The developer is in the position that unless there are substantial benefits in marketing advantages or sales, sustainability features of a house are also not likely to be a key concern as a high performance house is more expensive to deliver and the sole beneficiary is the end user. This is the typical split incentive dilemma that contextualises this issue.

For developers wishing to provide housing that has a far greater environmental performance, say a 7 or 8 star equivalent energy rating, this would be far more appealing if they could depend on more equitable and decreased infrastructure changes, quicker approval times – eg: a 20 day green door approval system, increased density bonuses for houses in large developments, taxation incentives (reduced taxes and changes imposed on developers and builders, etc).

This would effectively raise the bar for more ambitious sustainability gains and complement proposed regulations. This approach is far more likely to transition and educate the market and deliver very high performance houses for a carbon restrained and climatically uncertain future.

Complementing these measures, buyers should be rewarded for making better informed and superior housing choices by providing significant relief on inefficient property taxes such as transfer duty.

If sustainable housing is to be encouraged, the split incentive issue must be addressed. The large reels of green tape must be slashed and purchasers / developers incentivised where needed to ensure the sector focuses on innovation and cultural change, rather than base level compliance.

Duplication of regulations to be avoided

One of the serious issues for industry is the duplication of regulations. Care must be taken that well intentioned sustainability regulations are not conflicting and duplicated from the three levels of government.

The duplication of regulations without clear objectives will only have the effect of stifling innovation, confusing the message behind the reform and breeding compliance resentment.

Education of State and local government officers is needed on the provisions for sustainable housing to ensure that there is a clear understanding of Code requirements to prevent rulings being made in planning applications that are in conflict with Code requirements.

Adequate funding

The Government must ensure that Building Codes Queensland is adequately funded and resourced to ensure the transition to more sustainable housing for Queensland.
DESIGNING AND BUILDING A SUSTAINABLE HOME
Proposed Improvements

2.1.1 Require all new houses be built to a five-star (out of ten) energy equivalent rating

Recommendation - The Property Council does not oppose requiring all new houses be built to a five-star (out of ten) energy equivalent rating.

- The changes will bring Queensland energy efficient rating schemes into line with other jurisdictions and national guidelines to ensure that housing industry in Queensland remains competitive and innovative.

- The focus on good passive design, i.e. use of orientation of a house and its outlay, exposure to solar load, thermal mass requirements, ceiling / wall insulation, promotion and use of natural ventilation and indoor / outdoor connections should be the key focus of any changes made to building codes.

- The Property Council recognises the considerable improvements made in the last few years in climatic zoning and rating software. We would encourage ongoing resources be dedicated to the continuous improvement of zoning software, particularly in regards to the likely changes to these zones as climate change accelerates.

- The discussion paper mentions rebates and assistance provided to owners of new and existing dwellings that play an important role in increasing sustainability of our dwellings. What is missing is recognition and incentives to encourage developers to deliver to the market sustainable housing product that goes above and beyond the five-star equivalent rating.

- The discussion paper makes no mention of the role that innovation, research and development can play in supporting industry improve sustainable housing beyond the five-star rating and should encouraged, supported and funded in partnership with Industry, government agencies and research bodies.

2.1.2 Investigate all new units to be built to a five-star (out of ten) energy equivalent rating

Recommendation - The Property Council is supportive of further investigation into new units to be built to a five-star (out of ten) energy equivalent rating providing industry is well engaged so that property owners are not subjected to further costs and unnecessary regulation.

- The Property Council would encourage moves designed to improve the energy efficiency of our multi-residential apartment stock, including an investigation into requiring all units to be built to a five star (out of 10) energy equivalent rating.

- Increased densities within our urban footprints is inevitable and encouraged in our planning systems, and as such the focus of sustainability and how to transition towards it will increasingly come down to multi-residential apartment buildings.

- Townhouses and apartment buildings typically deliver poor environmental performance and are therefore an area where the most gains can be made in delivering new dwellings to the market. They also are more difficult to retrofit than houses, thus it is crucially important to incorporate good design principles and sustainability features in dwellings, along with choosing energy efficient communal equipment and infrastructure.
• Existing BCA deemed to satisfy provisions already exist; attention should be placed on strengthening these along with educational programs.

• Due to the complexity of current national BCA provisions for Part J Class 2/3 buildings, the State should look towards working with other jurisdictions in developing a national approach in conjunction with appropriate strata law reforms to encourage sustainability.

• Buyers of higher rated apartments should be given additional incentives in the form of reduced stamp duties and reductions in other inefficient property taxes to ensure quick market take-up.

• Subsidies and assistance programs for sustainability almost always focus on detached dwellings and ignore multi-residential buildings. This approach diminishes the potential gains provide be the economy of scales of multi-residential unit buildings.

• Caution is warranted to focus strictly on achieving higher ratings through the limited methods available under the Building Code of Australia. Concentrating on the building shell will have limitations when it is often the choice of equipment for communal and lot specific uses that will often determine how energy efficient a building is over its life.

• The Property Council encourages the Government to look at using innovative financial loan mechanisms to address the issue of split incentives for the development industry, particularly in regards to multi-residential sustainability challenges. Innovative financing tools have been developed successfully overseas to assist developers deliver high performance and energy efficient multi-residential apartment buildings.

2.1.3 Investigate providing better recognition of outdoor-indoor living areas in Queensland's building standards

Recommendation - The Property Council proposes that the provision of outdoor-indoor living areas should be recognised as a significant contribution to the calculation of star ratings.

• If houses are designed with appropriately located (responsive to climatic variations), functional and accessible outdoor living spaces such as decks and patios, research indicates that they receive good use. The Property Council recommends a simple process of allocating an appropriate star rating credit to homes that meet this set of criteria.

• Code energy efficiency software provisions should not necessarily assume reliance on air conditioning.

• Any changes should be done so in consultation with industry.

2.1.4 Investigate developing a star rating for building materials

Recommendation - The Property Council is opposed to developing a star rating for building materials.

• The Property Council submits that whilst this may seem a noble idea, the star rating of materials is problematic and a flawed concept. Any scheme would only make sense at a national level but even that is considered problematic.

• Any proposal to provide customers with credible information that may help them choose materials with superior environmental credentials and less toxicity would be welcomed by the
Property Council. Government resources would be best allocated by developing voluntary benchmarks for materials, guides, comparison tools, etc.

- Resources should be directed instead to educating industry and consumers on how to make choices.
- The Property Council has concerns about the cost implications on the price of materials, the stifling of innovation, star confusion within the industry, and the sheer difficulty of doing such an exercise.
- Materials can’t be plugged in like an appliance and operate under constant conditions, they are completely relative to how they are incorporated and used within the building framework and its local environment.
- The Government should focus on education and use of professionals to appropriately evaluate and incorporate materials into buildings. This strategy would be a least-cost strategy to move the market to demand better products than a regulation approach.
- The Government should investigate ways to use the tax system to encourage the transition to more superior building materials so that manufactures and builders are incentivised to make more sustainable and healthy purchases.
- This would better ensure that where it is clear there are better alternatives than those currently used, a transition towards greener materials does not adversely affect overall housing affordability and rewards responsible manufacturers. Where it is less clear as to appropriate and available alternatives, care must be taken that ensures material choice is not adversely affected.

2.1.5 Investigate banning residential estate covenants which restrict the use of energy-efficient design features and fixtures

Recommendation - The Property Council has no opposition to investigation being undertaken into banning residential estate covenants which restrict the use of energy-efficient design features and fixtures, provided the property industry is fully engaged in the process.

- The use of residential estate covenants in body corporate or community title schemes, often in architectural and landscape codes included in Community Management Statements (CMS), can lock future communities into undesirable and unsustainable outcomes. On the flip side, the CMS can be used as an effective tool for the promotion of sustainable development.
- Should Building Codes pursue this avenue, care must be taken to ensure that compliance does not adversely impact on development approval times.
- The Property Council recognises that this has been an issue for restricting good design and sustainable development principles in the past. The same consideration must be given to freeing up CMS regulations to allow for the retrofitting of existing Community title scheme properties that would have previously been a barrier to retrofitting attempts by the owners corporation.

This investigation can only be done in conjunction with looking at voting limitations in existing legislation under the BCCM Act.
3.1.1 Better water saving fixtures and energy efficient lighting will be required in new houses and units

Recommendation - The requirement of 4 star toilets, 3 star tap ware and 80% energy efficient lighting in new dwellings has considerable merit and is supported by the Property Council providing it does not adversely affect housing affordability pressures.

- The Property Council recognises the positive impact this has on the cost of utilities for owners and renters of residential property. We recommend adequate funding should be provided to Building Codes Queensland to effectively communicate the benefits, both economically and environmentally, to industry and in particular purchasers of property.

- Concerns have been raised about the efficiency of 4 star toilets and the issue of double flushing. The Property Council recommends these are regulated only if thorough research demonstrates their effectiveness.

- The Property Council welcomes the rebate and assistance programs currently available. Given the obvious community wide benefits of good fixture and fitting choices, we would support the expansion of programs such as the Climate Smart Home Service.

- Serious consideration should be given to providing more incentives to developers of community title properties to provide energy fixtures and mechanical services that are commonly owned, such as pool equipment, HVAC equipment, etc.

- Further, the State should examine ways in which to incentivise developers to install distributed water recycling and low emission / renewable distributed energy systems.

3.1.2 Electric hot water system phase-out from 2010

Recommendation - The Property Council supports the continued phase out of electric hot water systems.

- The Queensland Government should be congratulated for showing leadership in this area since 2006. Further, this measure is in alliance with national objectives.

- Care must be taken not to impact upon other technologies that produce superior environmental performance but still run on electricity, eg: heat pump technology. Ultimately, the market will decide the most successful heating technology.

3.1.3 Sustainability declaration at point-of-sale and point-of-lease

Recommendation - The Property Council is opposed to mandatory requirements for point-of-sale / point-of-lease disclosure. It is recommended that a comprehensive, voluntary and well marketed benchmarking tool be introduced that will more effectively promote the sustainability features of a house.

- The Property Council believes it would be a better system to adequately fund a voluntary program that actively promotes the sustainability features of a house. Owners and sellers would be able to positively advertise the sustainability features of a dwelling as an addition to any lease / sales document as an optional and far more documented way.
Given that other Australian states are already looking to move towards higher ratings, the Property Council is concerned that mandating the disclosure of features and fixtures, rather than a comprehensive, voluntary and well communicated marketing benchmarking tool would actually push the market towards mandatory compliance and not focus on innovation.

The Property Council understands that the completion of a ‘sustainability declaration checklist’ at the point of sale or lease would significantly increase awareness and education on sustainability and the wide range of benefits it provides for house owners and the community. However, mandatory disclosure will mean nothing if it does not allow consumers to assess appropriate attributes of a home relative to their needs.

Property Council sees as a positive the shift in consumer demand for homes with a higher number of sustainability features ensuring houses are cheaper to run, more energy efficient, generate lower greenhouse gases and are more comfortable to live in.

3.1.4 Prevent the sale and installation of inefficient air-conditions

Recommendation – The Property Council believes that this regulation is best to come from the Federal level.

- The Property Council would be supportive of an investigation of this measure.
- We have concerns over excessive regulation and duplication of measures such as product regulation. We believe direction would best come from the Federal level.
- The market is quickly driving efficiencies in this area and it would be reasonable to assume that it is the most effective mechanism to seek the most efficient technologies.

3.1.5 Investigate requiring photovoltaic (solar) energy to be installed on large houses

Recommendation - The Property Council is opposed to requiring photovoltaic (solar) energy to be installed on large houses.

- The Property Council would be against any requirement for owners of new large homes, and home owners who intend installing a pool or air-conditioner, to install photovoltaic (solar) energy as a means as an energy offset.
- Questions arise as to whether or not codifying technological fixes at the domestic level is an efficient way to offset energy hungry housing choices and appliances.
- The measurement of what constitutes a large home defined by specified floor area is problematic.
- This policy is reflective of the Government's inadequate position of net metering for feed in tariffs, until renewable energy is fairly priced as compared to coal fired energy, this will be seen as a grossly unfair regulation.
- Instead of codifying requirements for installation on every roof of every house that has an air conditioner, we should be looking more broadly at townhouse complexes or master-planned developments and give incentives and flexibility to a developer who supplies a football field of cheaply installed, cheaply maintained PV’s as communal assets.
3.1.6 Investigate requiring minimum energy star rating on swimming pool pumps

Recommendation - The Property Council would support Queensland Building Codes investigating minimum energy-efficiency ratings for pool pumps.

- This process should be undertaken in accordance with the Federal Government's Minimum Energy Performance Standards to ensure that a consistent national regulatory framework is agreed to and updated as required.

- The Property Council would have concerns about noise issues at night time and the upfront cost imposition for owners. Care would have to be taken that would allow for flexibility where needed, particularly in regards to noise complaints.

- It is acknowledged that a policy such as this is a simple, cost effective way to make substantial energy savings.