Submission to the NSW Investigation into Minimum Energy Efficiency Rental Standards (MEERS)

May 2026

1. Purpose of this submission

Faith Housing Australia (FHA) welcomes the opportunity to provide this submission to the New South Wales Government's investigation into proposed Minimum Energy Efficiency Rental Standards (MEERS). FHA supports practical, evidence-based policy reform that improves housing adequacy, safety, affordability and resilience for renters across New South Wales.

FHA recognises that stronger minimum energy efficiency standards have the potential to deliver important long-term benefits. These include reduced exposure to unsafe indoor temperatures, lower household energy costs, improved thermal comfort, improved health outcomes, reduced energy hardship, reduced pressure on energy systems and stronger climate resilience.

For FHA, however, the central policy question is not whether housing energy performance should improve. It should. The more important question is how MEERS can be implemented in a way that improves tenant outcomes while avoiding unintended consequences for housing providers, maintenance capacity, accessibility upgrades, service sustainability, asset renewal and future social and affordable housing supply.

This question is particularly significant in Community Housing where providers operate within regulated frameworks, constrained financial margins, ageing asset bases and long-term responsibilities to low-income and vulnerable households.

FHA therefore supports a MEERS framework that is tenant-centred, proportionate, evidence-based, staged, investment-supported and system-aware.

2. About Faith Housing Australia

Faith Housing Australia is the national peak body for faith-based housing providers, mission-driven landholders and sector partners working across social housing, affordable housing, homelessness responses, land activation and broader housing justice outcomes.

FHA operates as a system enabler at the intersection of housing policy, social impact, civic leadership and practical delivery. FHA's membership and sector relationships include Community Housing Providers (CHPs), Specialist Homelessness Services (SHS) and organisations engaged in enabling infrastructure and housing innovation.

For many FHA members and associated providers, housing delivery is mission-driven and socially purposed. Operating surpluses are typically modest and are reinvested into maintenance, tenancy support, safety compliance, accessibility upgrades, asset renewal, organisational sustainability and future housing supply. This operating model differs materially from private rental market structures and is central to FHA's interest in the design of MEERS.

3. Energy efficiency as housing adequacy, not just energy policy

FHA supports the broad intent of MEERS and agrees that energy efficiency in rental housing should be strengthened. However, FHA strongly submits that energy efficiency should be understood as a core component of housing adequacy, with direct implications for tenant safety, public health, affordability and climate resilience.

For renters, particularly low-income renters, energy efficiency is not a peripheral sustainability concern. It is a lived housing issue. Where housing performs poorly, tenants may experience unsafe indoor temperatures, excessive reliance on heating or cooling appliances, increased electricity costs, reduced liveability and avoidable health stress.

Tenants generally have limited control over insulation, glazing, ventilation, fixed heating systems, building envelope quality or major structural improvements. Yet they bear the consequences of poor housing performance through higher energy bills, unsafe thermal conditions and reduced comfort. This creates a strong policy rationale for minimum standards.

The World Health Organisation's *Housing and Health Guidelines* state that:

"A minimum indoor temperature of 18°C is widely accepted as a safe threshold for protecting the health of the general population"[i] with an upper limit of 29°C[ii].

This evidence reinforces that MEERS should be understood as part of broader housing adequacy and preventative health policy rather than treated narrowly as technical compliance.

4. Thermal inequity, climate exposure and energy hardship

FHA's position is informed by growing evidence that housing quality and socio-economic vulnerability intersect with climate exposure in ways that disproportionately affect low-income renters.

Research connected to the *Living with Urban Heat: Becoming Climate-Ready in Social Housing* project, involving Western Sydney University and the University of Technology Sydney, supported by FHA, has reframed extreme heat as a housing inequality issue rather than simply a climate issue. This research documented indoor temperatures "as high as 40°C inside some homes"[iii], demonstrating that poor housing performance can create conditions that are no longer merely uncomfortable, but unsafe.

The same article highlights that "weather extremes driven by climate change hit low-income communities harder" and that not everyone can afford air conditioning. These findings reinforce a key policy principle: energy resilience cannot rely primarily on tenant-funded adaptation.

Energy Consumers Australia has also identified that 46 per cent of NSW renter households earning under $50,000 are vulnerable to, or experiencing, energy hardship, compared with 26 per cent of owner-occupier households.[iv] For many low-income renters, inefficient housing directly contributes to cost-of-living stress and energy rationing.

This evidence underscores that MEERS cannot rely on market-led or tenant-funded adaptation. Without minimum standards supported by public investment, households already experiencing energy hardship are least able to benefit from improved housing performance.

MEERS therefore has a clear role to play in shifting responsibility toward structural housing quality rather than relying on individual coping strategies.

5. The distinct role of Community Housing and Aboriginal Community Housing Providers

A critical issue for MEERS design is that CHPs, including Aboriginal Community Housing Providers, are not equivalent to private landlords.

CHPs operate as delegated delivery partners within the NSW housing system. They are regulated, accountable and largely not-for-profit organisations with long-term responsibilities to house people on very low incomes and to deliver public outcomes. Housing assets are held for social purpose, not speculative return, and are typically subject to restrictions on use, rent-setting and disposal.

Tenancies in community housing are not discretionary or transactional. Providers house people with complex needs, including people living with disability, older people, Aboriginal households, families with children and people transitioning from homelessness. These tenancies are often long-term and are accompanied by service and support obligations that extend beyond basic property management.

Importantly, CHPs operate within constrained revenue environments. Rents are generally set as a proportion of household income rather than market demand, limiting capacity to absorb new regulatory costs. Operating surpluses, where they exist, are reinvested into maintenance, compliance, safety upgrades, accessibility works, organisational resilience and future housing supply.

For Aboriginal Community Housing Providers, these challenges may be compounded by regional and remote delivery contexts, culturally appropriate housing obligations, constrained asset bases and longstanding structural under-investment.

For Aboriginal Community Housing Providers, MEERS implementation must also align with principles of self-determination, culturally appropriate housing design and Closing the Gap commitments. Delivery contexts may involve remote or regional locations, higher construction and retrofit costs, and assets affected by longstanding underinvestment, all of which warrant differentiated pathways and support.

As a result, retrofit burden is not simply a property-level issue. It interacts with portfolio-wide maintenance programs, fire and life-safety works, accessibility upgrades, asset renewal sequencing, debt servicing and development capacity. MEERS must therefore be designed with a clear understanding of these system dynamics.

6. Evidence on retrofit priorities and provider constraints

Australian Housing and Urban Research Institute (AHURI) research provides particularly important insight for MEERS design in community housing.

AHURI research found that “participants prioritise liveability and affordability over energy efficiency and circular economy considerations”, reinforcing that retrofit policy should be assessed not solely through technical efficiency metrics, but through tenant-centred outcomes including thermal comfort, affordability and habitability.

AHURI has also observed that:

“Social housing providers face challenges to balance their business obligations with their social obligation to help their residents.”

Perhaps most significantly, AHURI identifies the need for “a longer-term funding pathway for social housing retrofit and quality upgrades”.[v]

This evidence aligns closely with FHA’s experience and supports the need for funded, staged and proportionate implementation pathways.

7. Implementation, funding and system risk

FHA strongly supports a funded transition model for MEERS, particularly in Community Housing. The NSW Government has already recognised through programs such as the Social Housing Energy Performance Initiative (SHEPI)[vi] and the Community Housing Energy Performance (CHEP) Grant Program[vii] that improving energy performance in vulnerable housing portfolios often requires direct investment support, technical planning and partnership-based delivery.

Energy efficiency upgrades frequently intersect with broader asset decisions. Aligning MEERS with asset renewal cycles improves value for money, reduces tenant disruption and avoids inefficient duplication of works.

FHA emphasises that poorly designed MEERS settings may create system risks, not merely provider inconvenience. Where substantial retrofit obligations are imposed without proportionate support, providers may be forced to defer maintenance, delay accessibility works, re-sequence safety upgrades or divert capital away from future housing supply. For example, unfunded or inflexible retrofit requirements imposed mid-asset lifecycle may force providers to defer fire and life-safety works, accessibility upgrades or critical maintenance, increasing overall risk to tenants and the housing system.

Unlike private landlords, CHPs cannot easily exit the market or materially increase rents in response to new obligations. Their structural immobility means policy design choices made now will shape housing system performance for decades.

8. Recommendations

FHA recommends that MEERS be implemented through a funded transition model for Community Housing, incorporating staged timeframes, multiple compliance pathways and alignment with asset renewal cycles.

8.1 Tenant-centred policy framing

FHA recommends that MEERS be framed and assessed as a housing adequacy and public health reform, with success measured by improved tenant safety, affordability, comfort and health outcomes rather than technical compliance alone.

8.2 Funded and shared responsibility

FHA strongly recommends that MEERS not operate as an unfunded transfer of retrofit responsibility onto CHPs. Mandatory standards should be accompanied by dedicated, multi-year funding pathways, including capital grants and technical support, linked to clear implementation stages for Community Housing Providers.

8.3 Staged implementation aligned with asset cycles

FHA recommends staged implementation aligned with asset renewal and refurbishment cycles to improve efficiency, reduce tenant disruption and strengthen long-term asset performance.

8.4 Proportionate and flexible compliance pathways

FHA recommends flexible, multiple-pathways compliance models (for example, upgrade-on-renewal, comply-or-plan, or asset-cycle alignment approaches) that recognise diverse housing stock, climates and provider capacities rather than a single rigid compliance route.

8.5 Explicit recognition of Community Housing distinctiveness

FHA recommends that MEERS explicitly recognise CHPs and Aboriginal Community Housing Providers as not-for-profit, delegated system actors with long-term public responsibilities, warranting differentiated implementation and support.

8.6 Integrated technical and procurement support

FHA recommends that financial support be complemented by technical guidance, approved upgrade pathways and procurement support to reduce transaction burden and delivery risk.

8.7 Protection of maintenance, safety and accessibility priorities

FHA recommends that MEERS be designed to avoid displacing essential maintenance, fire and life-safety works and accessibility upgrades.

8.8 Outcome-focused monitoring

FHA recommends monitoring frameworks that focus on tenant outcomes and system performance rather than narrow compliance metrics.

9. Conclusion

Faith Housing Australia supports the introduction of Minimum Energy Efficiency Rental Standards in New South Wales and recognises their potential to improve rental housing quality, tenant wellbeing and climate resilience.

The evidence is clear that housing energy performance is a matter of housing adequacy, public health and equity. However, the success of MEERS will depend on careful design that recognises the distinct role of Community Housing within the housing system.

A tenant-centred, funded, staged and system-aware framework will deliver stronger outcomes for renters while safeguarding the long-term capacity of mission-driven housing providers to continue delivering safe, affordable and sustainable housing across New South Wales.

Faith Housing Australia welcomes continued engagement with the NSW Government on the detailed design and implementation of MEERS to ensure these reforms deliver durable benefits for tenants and the housing system.

References

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[v] Baker, E., Moore, T., Daniel, L., Caines, R., Padilla, H. and Lester, L. (2023) *Sustainable social housing retrofit? Circular economy and tenant trade-offs.* Australian Housing and Urban Research Institute https://www.ahuri.edu.au/research/final-reports/397

[vi] NSW Government (2025) *NSW Social Housing Energy Performance Initiative (SHEPI)* https://www.energy.nsw.gov.au/government-and-local-organisations/programs-grants-and-schemes/shepi

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