

Just Change is a not-for-profit organisation working with the REIV and real estate agents to deliver free energy efficiency retrofits to low-income rental properties.

The combined challenges presented by the global financial crisis and climate change have prompted the Federal Government to offer substantial rebates for residential energy efficiency, simultaneously promoting jobs and encouraging emissions reductions.

Homeowners can access these funds with relative ease. However, for those in the private rental market it's a different story. This is because the tenant-landlord relationship suffers from what is known as a 'split incentive'.

Owners of rental properties have little incentive to deal with the expense or hassle involved in making their properties energy efficient, as they incur all the upfront costs but none of the ongoing financial savings. Meanwhile, tenants have a financial incentive but no power to make structural changes to the property.

For low-income tenants in a competitive rental market, improving household energy efficiency is even tougher. Tenants may be reluctant to make any demands for fear of a rental increase, which owners may reasonably need to impose to recoup the costs of improvements. As a result, tenants continue to use cheaper, inefficient appliances, which actually have higher running costs and greater emissions.

Just Change was established in July last year to address these issues. Supported by the REIV, *Just Change* is currently running a pilot program to identify how best to overcome split incentives.

"We are approaching split incentives in two ways: installations and engagement," says *Just Change* spokesman Dougal McInnes.

The pilot involves retrofitting 10 low-income private rental properties with energy efficient fixtures including ceiling insulation, compact fluorescent light globes, low-flow showerheads, window treatments and draught proofing. The materials and installation are worth up to \$2,000 per house, but, importantly, there is no cost to the tenant or landlord.

"*Just Change* promotes equity through energy efficiency," says McInnes, "and we believe it is essential that our project does not impose any financial obligations on our participants."

Just Change has been able to provide this service with the generous support of the REIV, Sustainability Victoria and Simply Energy.

What makes *Just Change* unique is its engagement with real estate agents.

"We realised that no one was really working with real estate agents on the split incentive issue, yet they are the key intermediaries between owners and tenants," McInnes says.

Just Change is working with the REIV to identify the barriers faced by real estate agents in introducing energy efficiency in homes and will also provide agents with training, information and education.

"If we can engage the real estate sector it will enable us to implement this project on a much larger scale," McInnes says.

Altona Meadows Real Estate's Rachael Kapitelli manages one of the properties in the *Just Change* pilot. Rachael believes that time is a major factor preventing real estate agent participation in such programs, and recognises the many benefits the *Just Change* program offers.

For the owners, she identifies the increase in property value as a major benefit. For tenants, "it demonstrates that their landlord is doing something positive for them and the environment" and for the real estate agents "keeping tenants happy means that they pay their rent on time!"

Overseas studies have shown a 400 per cent increase in tenancy periods for houses with insulation, significantly increasing comfort and reducing health problems. *Just Change* retrofits will also save the average tenant approximately \$250 annually.

Just Change is in the final stages of its pilot study, and will release a report on its findings later this year. For more information see: www.justchangeaustralia.org