

How the housing market is holding back solar

In Australia's solar boom, there's a big sector missing out: renters.

Australian home and business owners are installing rooftop panels at a record rate. They're enjoying the benefits that come from using solar power, such as savings on grid power or feed-in-tariffs. But renters, either in commercial apartment buildings or in single-family homes, are not often part of this picture. The Australian national census recently [showed](#) that more than half of residents in nine council areas of greater Sydney have no access to solar power because they are renting. In New South Wales more than 2.6 million people [can't](#) use solar for the same reason.

With more than [one in three](#) Australians are renting, that's a problem. We must find a way for everyone to access solar power equitably regardless of ownership status.

How tenants and landlords can share solar

Solutions are springing up on the individual level. In a split [incentive](#) plan, a landlord and a tenant can agree to lease a solar panel system together, and to split its costs and benefits.

If the landlord invests in the solar panel system directly, then the tenants can agree to pay the landlord for the energy the tenant consumes, and to reimburse him for the feed-in-tariff they incur by selling extra power back to the grid.

Landlords can also take out interest free loans to pay for the installation of the panels, and tenants can be charged slightly more for rent in order to pay for a share of that cost. In some cases, landlords are able [to transfer](#) the loans to a new owner if they sell the property, which gives them more motivation to make the investment.

How tenants can invest in solar without landlord

Other solutions allow people to take advantage of solar power even if they aren't owners. For instance, a [retailer can pay](#) for the installation of a solar system and charge tenants directly for the energy they use without involving the landlord at all. The landlord might not reap any financial benefits, but neither does he incur any costs.

It's also possible to think outside the box by getting away from the idea that panels must exist on a rooftop. Instead of installing rooftop panels, a community can come together to set up a solar garden in one centralized place. Anyone can buy or lease a few of the panels, and they can sell back any energy they don't consume back to the retailer.

One Australian retailer currently investing in solar gardens is [Enova Energy](#). The energy generated by its entire solar garden is transferred back directly to the grid.

Customers who buy or lease a share of the garden's solar panels, get a rebate on their electric bill depending on how much energy their share of panels produces. This system is also flexible because renters can sell their share of panels onward if they choose to relocate.

Problems and the solutions

But the problem with schemes like solar gardens is that they are still fairly uncommon, and individual agreements between tenants and landlords heavily depend on the willingness of the individual parties. So for solar energy to become truly ubiquitous among owners and renters alike, there must be strong, broader policies in place to encourage it.

[First](#), rental properties should be required to meet the same minimum energy standards as owned properties. Second, we need more government incentives to encourage landlords to take on the cost of investing in solar even if they are renting out their properties. This in turn might encourage landlords to make fair agreements with tenants on how to split the costs and benefits of a solar panel system. But ultimately, such agreements must be legally standardized so that they can be easily applied, and easily transferred to new tenants or landlords if the home is sold or the tenants change.

How to get more landlords on board

It's well known that with the growth of solar across Australia, properties that are solar-equipped have a higher value. But with a typical solar panel system costing around \$6,000, it's still difficult to get landlords to understand the benefit of investing in solar power in a building in which they neither live nor work.

It's worthwhile for landlords to consider [a recent survey](#), which showed that two thirds of renters would be willing to pay at least an extra \$5 a week for a property equipped with solar power. Fifty-five percent of tenants would pay at least \$10 more. Meanwhile, the Australian Taxation Office (ATO) also calculated that landlords could also save around \$4,000 over a period of 10 years through tax deductions on a \$6,000 solar panel system.

As long as things remain as they are, the renter sector will remain largely blocked from solar power. At a time when the number of home owning Australians has [declined](#) by more than 10 per cent in the last 25 years, this is a major missed opportunity for renters, property owners, and the solar community. Time for a change.