

Improving Energy Efficiency in the Private Rented Sector

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Presentation to Shelter Scotland

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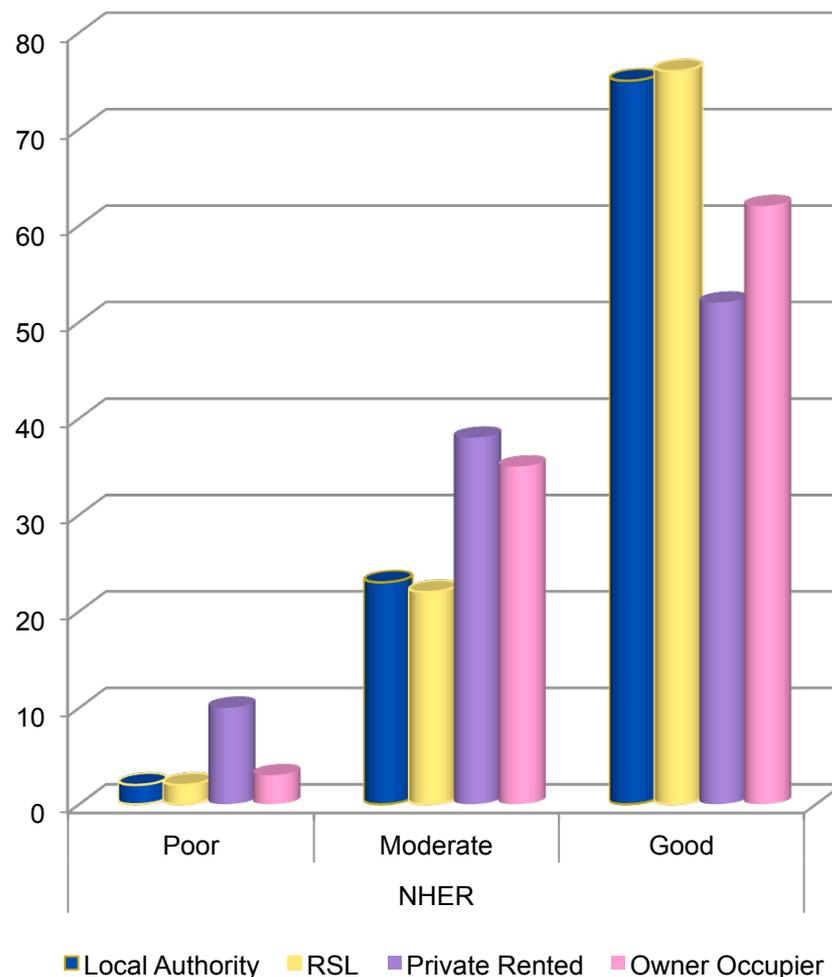
Energy Efficiency in the Private Rented Sector Stock in Scotland

Private rented tenure – 11% of the housing stock in 2011 (5% in 1999 – figures from SHCS)

Highly energy inefficient dwellings over twice as common in the PRS- many of them likely to be “hard to treat”

67% of private rented dwellings fail SHQS. A majority of these fail to meet the energy efficiency criteria

Average energy efficiency only somewhat lower than average: many inherently energy efficient properties in this sector



Fuel Poverty in the Private Rented Sector

“Around 25 per cent of those in the private rented sector are in fuel poverty [cf 38% in social housing]..... those in the private rented sector are the least likely to be fuel poor.”

BUT....

“They are also more likely to experience extreme fuel poverty, at 12 per cent, compared to 6 per cent of those in social housing.”

Source: Consumer Focus, based on 2009 SHCS

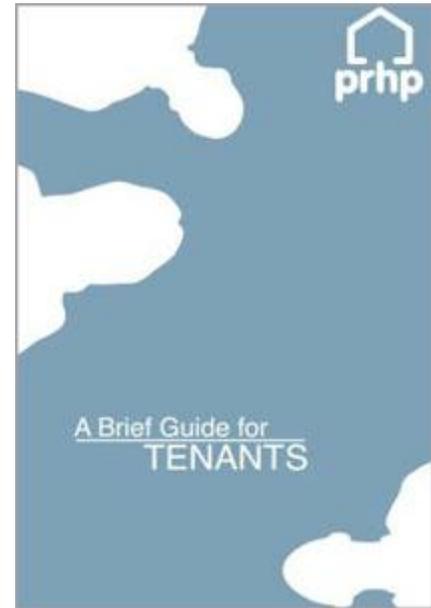


Reasons for lower energy performance in PRS

- The split incentive: who benefits from improvements?
- Properties that are harder to improve (especially insulate);
- Landlords: often micro businesses – low resources, investment capacity;
- Priority for tenants?
 - 49% of short term (<1year) Scottish home occupiers are in the PRS

Policy measures targeting cold homes in the PRS

The traditional approach: tackling cold homes from a rights-based housing safety/environmental health perspective.



Landlords would you like to get **£500** for free??



See how the Landlords Green Scheme works on your behalf and get a voucher up to **£500** to spend in energy efficient appliances per property, click the banner to download a PDF with all this information

More recently: Growing focus on information and landlords' incentives from within the energy efficiency/carbon policy agenda

Energy Efficiency support for private rented homes

- Energy Performance Certificates
- Landlords Green Appliance Scheme
- Small business loans
- Green Deal/Green Deal cashback
- Energy Assistance Package
- Area-based insulation programmes
- Feed in Tariff and Renewable Heat Incentive
- Energy Company Obligation

Energy Performance Certificate (EPC) PREVIEW
NOT FOR ISSUE

1 High Street, Low Town, AA0 0AA

Dwelling type: Semi-detached house	Reference number: 0000-0000-0000-0000-0000
Date of assessment: 04 June 2012	Type of assessment: RdSAP, existing dwelling
Date of certificate: 17 July 2012	Primary Energy Indicator: 540 kWh/m ² /year
Total floor area: 147 m ²	Main heating and fuel: Boiler and radiators, dual fuel (mineral and wood)

You can use this document to:

- Compare current ratings of properties to see which are more energy efficient and environmentally friendly
- Find out how to save energy and money and also reduce CO₂ emissions by improving your home

Estimated energy costs of your home for 3 years*	£9,468
Over 3 years you could save*	£3,417

* based upon the cost of energy for heating, hot water, lighting and ventilation, calculated using standard assumptions

Energy Efficiency Rating

Very energy efficient - lower running costs

Very environmentally friendly - lower CO₂ emissions

Environmental Impact (CO₂) Rating

Not energy efficient - higher running costs

Not environmentally friendly - higher CO₂ emissions

This graph shows the current efficiency of your home, taking into account both energy efficiency and fuel costs. The higher this rating, the lower your fuel bills are likely to be.

Your current rating is band F (32). The average rating for a home in Scotland is band G (0).

The potential rating shows the effect of undertaking all of the improvement measures listed within your recommendations report.

This graph shows the effect of your home on the environment in terms of carbon dioxide (CO₂) emissions. The higher the rating, the less impact it has on the environment.

Your current rating is band F (22). The average rating for a home in Scotland is band G (0).

The potential rating shows the effect of undertaking all of the improvement measures listed within your recommendations report.

Top actions you can take to save money and make your home more efficient			
Recommended measures	Indicative cost	Typical savings over 3 years	Available with Green Deal
1 Room-in-roof insulation	£1,500 - £2,700	£879	✓
2 Cavity wall insulation	£500 - £1,500	£1365	✓
3 Floor insulation	£800 - £1,200	£612	✓

A full list of recommended improvement measures for your home, together with more information on potential cost and savings and advice to help you carry out improvements can be found in your recommendations report.

When the Green Deal launches, it may allow you to make your home warmer and cheaper to run at no up-front cost. See your recommendations report for more details.

THIS PAGE IS THE ENERGY PERFORMANCE CERTIFICATE WHICH MUST BE AFFIXED TO THE DWELLING AND NOT BE REMOVED UNLESS IT IS REPLACED WITH AN UPDATED CERTIFICATE

The Green Deal and the Private Rented Sector

Green Deal should be an attractive offer for the PRS – solves split incentive problem;

Challenges:

- landlord awareness – its complicated!, landlord and tenant apathy;
- consents – especially when getting agreement on action across a building;
- Short term – a lot of unresolved regulatory issues: consumer credit act, installation in void periods, treatment of HMOs.

HATE RISING
ENERGY COSTS?
**GREEN
DEAL**
WITH IT.

Energy Company Obligation

Measures and scheme rules should make the private rented sector attractive to suppliers for the first time.

But PRS remains fragmented and complicated to target.

In the short term look out for a lot of activity around:

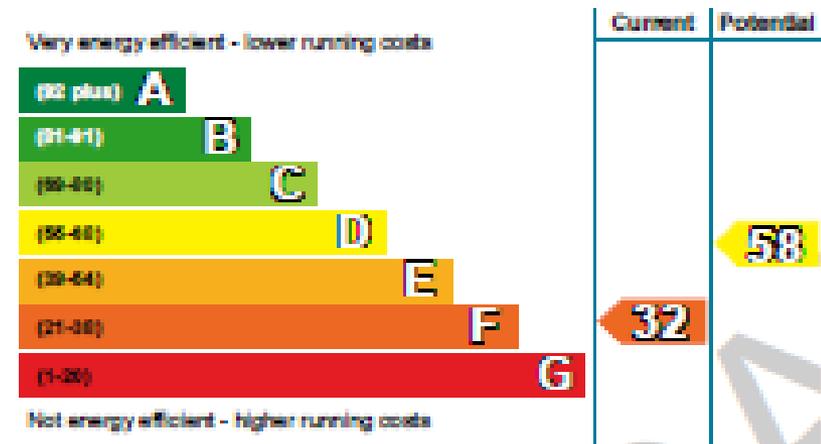
- Low income private sector tenants needing replacement boilers
- Insulation in electrically heated homes and properties with hard to treat cavity walls



The future: regulation

The Scottish Government will “set minimum standards for the energy efficiency of private sector housing [that] would not be used before 2015, but the date at which they could be applied from is still to be determined.”

[In England: min standards specifically for the private rented sector – tenant right to request works from 2016 and min. EPC F/G standard from 2018]



Conclusions

Increasingly broad set of policies to encourage landlords to act on energy efficiency – we could reach a tipping point.

But there are also wider structural barriers:

- Nature of the PRS housing stock
- Complex consents issues between tenants, landlords, and other property owners in multi-dwelling buildings
- Landlords' capacity to act

Future minimum standards will play a key role as will

A focus on engaging and empowering tenants, as well as incentivising landlords.