

The Chartered Institute of Building

submission to the

All Party Parliamentary Group for the Private Rented Sector

on the inquiry into

Energy Efficiency of Private Rented Housing

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David Barnes
The Chartered Institute of Building
1 Arlington Square
Downshire Way
Bracknell
RG12 1WA

e: dbarnes@ciob.org.uk

t: +44 (0)1344 630 881

APPG for the Private Rented Sector: Inquiry into Energy Efficiency of Private Rented Housing

Introduction

The Chartered Institute of Building (CIOB) is at the heart of a management career in construction. We are the world's largest and most influential professional body for construction management and leadership. We have a Royal Charter to promote the science and practice of building and construction for the benefit of society, which we have been doing since 1834. Our members work worldwide in the development, conservation and improvement of the built environment. We accredit university degrees, educational courses and training. Our professional and vocational qualifications are a mark of the highest levels of competence and professionalism, providing assurance to clients and authorities who procure built assets.

Professionalism at all levels and stages within the construction industry is at the core of our work. We play a leading role in the development and continued improvement of standards in the industry at a national and international level. We recognise the challenges facing the built environment, such as the unprecedented skills shortage in the professions, the need to decrease buildings' impact on the environment, and the complexity of developing policy that improves coordination, design and the overall decision-making process. We work with government and industry to outline and implement solutions to these issues and more.

The CIOB supports a commitment to energy efficiency as it has the potential (albeit potential that is not currently being realised) to transform the energy efficiency of the UK's building stock, assist in eliminating fuel poverty, and contribute to a successful and world-leading construction industry and green economy.

Response

The Energy Efficiency (Private Rented Property) (England and Wales) Regulations 2015 standards for privately rented properties comes at a time when reliance on the private rented sector (PRS) is increasing.

With rising house prices, fewer people are able to afford a home of their own. Shelter estimates that the PRS has almost doubled in size in the last decade and that there are now more than 9 million private renters in England¹. Alongside the fall in social housing stock, private rental is no longer considered a short-term housing solution and long-term rentals are becoming the norm for many. It is expected that the PRS will account for more than a third of the UK's entire housing stock by 2032 if current trends continue².

¹ Shelter, [Safe and Decent Homes: Solutions for a better private rented sector](#), December 2014

² Civitas, [The Future of Private Renting](#), January 2015

This growth in the PRS represents a number of significant challenges, not least for landlords to ensure homes are warm and comfortable whilst taking into consideration the affordability of energy for their tenants.

The UK's housing stock as a whole is amongst the least energy efficient in Europe, and is responsible for nearly a quarter of the country's annual carbon emissions³. The PRS represents the highest proportion of homes with low energy efficiency ratings. 32% of PRS homes are over 90 years old, and nearly 30% have serious hazards compared to 13% in the social rented sector⁴. The Chartered Institute of Housing's (CIH) 2014 housing review, for instance, calculated that 33% of all private rented housing in England would fail the Government's decent homes standard for social housing compared with 15% of the social rented sector⁵.

Research by Ecotec in 2010 on the social impact of poor housing illustrates the importance to the public purse of good homes. It is estimated that poor housing creates extra health costs of £2.5 billion a year, increases the cost of crime prevention by £1.8 billion and costs the economy £14.8 billion a year, through lowering educational standards⁶.

A simple, clear minimum energy efficiency standard is a welcome tool to improve conditions in privately rented housing. Clearly the intention is to stimulate market change to speed up the rate at which energy efficiency upgrades to inefficient buildings take place. This will, in addition, help spread awareness of energy-related issues to potential tenants and help them make better decisions as to the cost of compliance before committing to a rental.

The introduction of minimum efficiency standards for the PRS was based on the assumption that the Green Deal would offer a finance mechanism for landlords to ensure that improvements could be delivered without significant upfront costs. However, the scrapping of the Green Deal (which already suffered from flaws in the methodology, e.g. consequential improvements) and the end of the Landlord Energy Saving Allowance (LESA) have removed incentives.

Without incentives, landlords now have to consider how they can improve a building's energy rating in a more cost-effective manner. The effectiveness (in terms of cost and actual energy improvements) varies significantly on a wide range of factors, including the type and location of the housing stock. For example, it would be far more expensive and difficult for rural landlords off the gas network to be able to achieve the same targets as urban landlords. Here we believe there should be greater support for rural hard to treat properties and could mean an opportunity to return the LESA.

The longer term future of the policy will likely create a price differentiation between inefficient and efficient properties, although location will continue to

³ UK Green Building Council, [Retrofit: Domestic Buildings](#), accessed October 2015

⁴ Department of Communities and Local Government & Office for National Statistics, [English Housing Survey: Profile of English Housing 2013](#), July 2015

⁵ Chartered Institute of Housing & Centre for Housing Policy, [UK Housing Review 2014](#), April 2014

⁶ Danny Freidman, Ecotec, [Social impact of poor housing](#), March 2010

be the primary market driver. Estate agents and landlords have a duty to make visible the efficiency of buildings, both from the view of the regulations and the operational cost.

It is vital that work done to improve energy efficiency is carried out by professionals. Figures from 2014 show that 11% of private rented sector dwellings currently have a 'G' or 'F' EPC rating, which is equivalent to almost 260,000 properties⁷ ⁸. This presents an opportunity for the construction sector, particularly SMEs, to improve growth and jobs, mostly at a local level. Conversely, it also presents an unwelcome opportunity for 'cowboys' and others who tarnish the image of construction, especially the home improvement sector. We would hope, given the need for an energy assessor who will appropriately survey the works done, that this itself will act as a safeguard in itself, but we would strongly urge the government, Residential Landlords Association and other relevant parties to appropriately inform landlords to use accredited companies, chartered professionals, or those badged under schemes such as TrustMark.

We are encouraged to see that the APPG have recognised that privately rented homes are generally older and harder to treat than properties in other tenures. This is backed up by figures from the latest English Housing Survey which states that just under a third of the PRS consists of traditional (i.e. pre-1919) buildings. And while the total proportion of pre-1919 dwellings in the private rented sector fell from 52% in 1996 to 32% in 2013, the actual number of pre-1919 PRS dwellings increased by 400,000.

There is a growing body of evidence that the SAP methodology is not fit for purpose, particularly in terms of calculating the thermal performance of traditional buildings. Alongside this, there is a lack of knowledge on how traditional buildings perform and therefore how energy efficiency retrofit affects such buildings, posing ever increasing risks of unintended consequences and performance gaps between predicted energy savings and actual thermal performance.

The RdSAP methodologies on which EPCs are based often produce inaccurate results for buildings of traditional construction. The process fails to consider advice in well-respected authoritative guidance such as British Standard *BS 7913:2013: Guide to the conservation of historic buildings*. Within section 5.3.1 it states:

The most effective way of ensuring energy efficiency and sustainability is to keep historic buildings in good repair so that they last as long as possible, do not need replacement and do not suffer from avoidable decay that would require energy and carbon to rectify. They should provide occupancy in an efficient manner involving minimal production of carbon and use of energy without harming significance or the physical performance of the historic fabric. Using natural ventilation and light and proper temperature and humidity control for individual

⁷ ONS, [Dwelling stock estimates: 2014 England](#), April 2015

⁸ Strutt & Parker, [Resources & Energy: England and Wales Private Rented Sector Energy Efficiency Regulations \(Domestic\)](#), August 2014

rooms are ways of minimising energy usage that respect the building's natural characteristics.

The actual energy efficiency of historic buildings and their potential energy efficiency with the addition of energy efficient measures should be taken into account at the outset. The need for energy efficiency and low carbon might also influence the selection of materials and work methods as they can impact on thermal performance and weather resistance. Building materials and products should be sourced and procured in a sustainable manner. The historic building should be regularly inspected.

We believe that many traditional buildings will still be able to achieve the Minimum Standard 'E' by way of the current unreliable assessment method, but that such an approach will lead to unsuitable measures being installed and mask the true effect on the building and ultimately the landlord and tenant(s). This includes accelerated deterioration of building fabric and detrimental effects to human health. These factors are compounded by a lack of research, guidance and skills to ensure that buildings are properly assessed and measures are properly installed.

The CIOB believes that while refurbishment and retrofitting measures afford the opportunity to improve the energy efficiency of existing buildings, the various benefits that can be accrued from good building maintenance and repairs must not be forgotten. Good maintenance and repair work, such as clearing gutters to prevent overflow onto walls, not only helps to minimise energy wastage and living discomfort, but also increases the durability and longevity of a building's fabric, yielding further long-term benefits in terms of the retention of embodied carbon.

Landlords therefore need to be provided with proper unbiased information and advice about improving their buildings – specifically relating to age and type of construction. They also need to be provided with advice on the energy efficiency benefits of proper maintenance and repair as well as more well-known energy efficiency measures.

We recommend that there should be more research and funding aimed at improving SAP, RdSAP and EPCs so that the assessment of traditional buildings is more accurate, resulting in reliable energy efficiency measures that include work to existing building fabric.