

August 2012



Welsh Government White Paper – Homes for Wales Friends of the Earth Cymru consultation response

Introduction

Housing produces about a fifth of greenhouse gas emissions in Wales, and fuel poverty blights over one in four households. The Welsh Government is to be congratulated for taking an area based approach to housing refurbishment through the Arbed scheme, and a targeted programme to tackle fuel poverty through Nest. However the scale of the programmes and funding available are recognised as being insufficient to tackle the scale and urgency of the problem. In order to meet the agreed Welsh Government target of cutting Wales' emissions by 40% by 2020, one third of the current housing stock, or 400,000 houses, will need to be refurbished in the next ten years to a level that cuts their carbon emissions by over 60%.

Improving the standard of our existing homes is crucial to reaching this target, and has many other benefits for local job creation, saving money for householders and bringing people out of fuel poverty. Such a project would inject £3bn to Welsh GVA over 10 years and create 20,000 jobs¹.

And the impact of fuel poverty goes beyond financial consequences. Living in fuel poverty can affect people's health, increasing the risk and impact of a range of ailments such as heart attack, stroke, circulatory illness, respiratory conditions including bronchitis, weakened immune system and allergies. This has resulted in more than 1,900 excess winter deaths in Wales in 2010/11, with older people particularly susceptible. There are indirect effects; stress in children and adults and long-term depression and anxiety, social exclusion, health and life chances of families and individuals and educational attainment. The estimated cost to the NHS of cold housing in the rental sector in Wales is £2 million per annum². Moreover there are broader economic implications for education, employment and health services in Wales.

The proposals outlined in this White Paper, and the content of the Housing Bill when it is published, will be crucial to achieve the urgent action that's necessary to get back on track and bring households out of fuel poverty.

Friends of the Earth Cymru are members of the Fuel Poverty Coalition and fully endorse the content of their consultation submission.

This submission focuses on the proposals in 'Homes for Wales' in relation to the energy efficiency of homes, and we will be responding to the section 'Tackling fuel poverty' (pages 44-46) and Chapter 6 "A better private rented sector", answering consultation question 2(a).

¹ Stop Climate Chaos Cymru, 'Cutting Carbon: Creating Jobs' report 2011

² Calculated from BRE, April 2011 'The health costs of cold dwellings'

The White Paper - Tackling fuel poverty

We welcome the section on tackling fuel poverty in the Housing White Paper (p.44-46), which acknowledges the scale of the problem, states that the poorest energy efficiency ratings are in the private rented sector and confirms existing commitments through the Nest and Arbed schemes.

We urge the Housing Minister to work closely with the Environment Minister in developing these proposals for tackling fuel poverty and cutting greenhouse gas emissions from housing, and to ensure that they go further than current housing refurbishment and energy efficiency commitments.

We support the proposal to explore the use of European Community funds as a source of additional investment to improve energy efficiency. It is also vital that we can capitalise on the potential of UK-led programmes such as the Green Deal and ECO, and use them to maximise the Welsh Government funded schemes and create green job opportunities in Wales.

However we are concerned by the proposal to promote Green Deal to landlords through the registration scheme to 'get ahead of the game', when Green Deal is unlikely to be appropriate for the majority of fuel poor households. Many fuel poor households underheat their homes to reduce their fuel bills, meaning that the Golden Rule assessment will not be relevant. Tenants who take up a Green Deal may find themselves with higher energy bills than previously, pushing them further into fuel poverty. In addition, we disagree with the implication that a tenant should assume responsibility for measures that ought to be the duty of the landlord and which will add to the value and quality of the dwelling. Instead, we would like to see Nest, Arbed, LESA and ECO promoted to landlords and for landlords to improve their housing stock at their own cost.

We acknowledge that the UK Energy Act 2011 did go some way in setting standards for energy efficiency in the private rented sector. However it contains a number of loopholes that enable landlords to carry out limited improvement rather than reach the minimum standard of EPC band E rating. We also believe that 2018 is much too long a timescale to tackle this problem. This requirement must be brought forward and introduced clearly without loopholes from 2016 at the latest. We would support its introduction by 1 April 2015 in line with the target in Scotland.

Chapter 6 – A better private rented sector

Private rental households are the tenure most likely to suffer fuel poverty. Living in Wales data for 2008 showed that 36% of households who privately rent are fuel poor, equivalent to 41,000 households, which marked an increase of 23,000 households since 2004. This contrasts with an average of 26% of households who are fuel poor, across all tenures.

This is caused in part by private rental homes having the worst average energy efficiency across all tenures. 2008 Living in Wales data showed an average SAP rating of 46 (an E rating) in privately rented properties. In contrast, owner occupied homes had an average rating of 49 (E), local authority housing averaged 58 (D) and housing association properties averaged 63 (D). Homes that score 38 or less, many of which will be privately rented, are considered to be particularly energy inefficient and place their residents at high risk of cold related illnesses and fuel poverty. The private rented sector also have the greatest proportion of the most energy inefficient homes (G).

Rental properties are also least likely to have central heating (82% compared to an average 91% across all tenures) and make greater use of fixed gas and electric heaters, open fires

and portable heaters than any other tenure despite these being inefficient forms of heating. It is therefore unsurprising that only 83% of private rental tenants who responded to the 2008 Living in Wales survey stated that they felt their heating was effective in the winter.

Registration and accreditation

We strongly support the proposal for mandatory registration and accreditation scheme for private sector landlords and letting agents (p.51-53). Research³ undertaken by Consumer Focus Wales with consumers looking at their perceptions of regulatory services identified that whilst participants broadly felt that the amount of regulation in several key areas of consumer protection was about right, the exception was the private rented sector where they felt that further regulation and protection for tenants was necessary given the real problems in this market.

In recent focus groups by Consumer Focus Wales, a number of tenants were surprised that a registration scheme was not in place already, and landlords felt it would be a good way to eliminate poor landlords and promote tenant confidence⁴.

Registration and accreditation would be a positive step to professionalize the industry, eliminating those landlords that act in an unprofessional way, take advantage of vulnerable tenants and give the industry a bad name.

There should be a pre-set criteria for registering as a landlord, and that the “fit and proper person” test should be extended to ensure fit and proper properties, including a minimum standard of energy efficiency. The register should include not only the landlord’s details but the energy efficiency of each property by Energy Performance Certificate (EPC).

Clarity is needed on the penalties for non-compliance and how such landlords and letting agents will be identified.

For accreditation to have the authority necessary and to be respected, the minimum standards in the Code of Practice must be mandatory and carry strong penalties for failure to comply.

Minimum energy efficiency standards

Legislation is essential to ensure private rented properties meet a basic standard of energy efficiency and protect householders who live in the very worst insulated accommodation from high energy bills, ill health and fuel poverty.

The proposals for mandatory registration should be backed by regulation for energy efficiency, and this should be on the face of the Bill rather than a Code of Practice.

Friends of the Earth Cymru believes that the Housing Bill should bring in a legal requirement for private landlords to improve properties to band E or above by April 2015 in line with Scotland, or the beginning of 2016 at the very latest, making it illegal to re-let a property at band F or G after this date.

As well as an improvement in conditions for tenants and the knock on benefits for carbon

³ Consumer Focus Wales research for the Local Better Regulation Office on consumer perceptions of local and national regulatory services (March 2011) unpublished

⁴ A report highlighting the findings of this research is due to be published in late August 2012

savings, these measures would prevent money from government energy efficiency and fuel poverty schemes being spent on improving homes owned by private landlords who are able to pay for improvements to their properties.

Households in improved properties (moving from grade F/G to E) on average save £488 on their energy bills according to the Energy Savings Trust. This money would be released for families to spend on other living costs and necessities. Even with the conservative assumption that 11% of F and G rated homes in Wales are for private rental the annual cash saving would be £11,809,600⁵. Therefore, for every year that this date is brought forward, there would be a cash injection of nearly £12 million into the Welsh economy.

The work of refurbishing and supply of materials would also create decent local jobs throughout Wales at a difficult time.

In addition we believe that the Housing Bill should include measures to;

- Give tenants security against retaliatory eviction when they make energy efficiency requests of landlords.
- Authorise local authorities to require improvements and carry out the work themselves and charge the landlord if this is not forthcoming.

Conclusion

We support the ambition of the Welsh Government in this White Paper and urge the Government to follow through on these intentions with strong legislation and in particular legal minimum standards for energy efficiency in the private rented sector.

This would achieve a number of goals:

- Improve energy efficiency, thereby reducing bills for tenants
- Reducing greenhouse gas emissions
- Improving standards of comfort in the private rented sector
- Stimulating demand for energy efficient products and insulation

It would be a progressive measure, protecting the most vulnerable in society, and with cost savings to the Welsh Government and a cash injection to the Welsh economy.

We urge the Welsh Government to be bold and introduce a strong Housing Bill for Wales.

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⁵ Data taken from Energy Savings Trust, 'F and G banded homes in Great Britain: Research into costs of treatment', June 2010