

Decarbonisation of housing: decarbonising the private housing sector

19th August 2022

About the NRLA

1. The National Residential Landlord Association (NRLA) thanks the committee for the opportunity to comment on the delivery of decarbonisation of housing in Wales.
2. The National Residential Landlords Association is the UK's largest membership organisation for private residential landlords, supporting and representing over 95,000 members. The association was created from the merger of the RLA and NLA in April 2020. NRLA members range from full-time landlords running property portfolios to those letting single bedroom flats.
3. We help our members navigate these challenges and proudly offer some of the most comprehensive learning resources and market-leading intelligence available in the sector. We seek a fair legal and regulatory environment for both landlord and tenant and actively lobby the Government on behalf of our members.
4. We thank the committee for the opportunity to answer the following questions.

1. the current approach to decarbonising housing in the private rented and owner-occupied sectors in Wales, including the effectiveness of existing programmes and support for retrofit;
- The private rented sector is governed by Minimum Energy Efficiency Standards which are legislated for from Westminster. There was a consultation which closed in January 2021 which looked at increasing the Minimum Energy Efficiency Standards alongside the introduction of a carbon metric.
 - There currently is no minimum standard for decarbonisation for the private rented sector, the sector is regulated by Energy Efficiency, via the Energy Performance Certificate (EPC). The current target is an E for energy efficiency within the EPC. The consultation which closed last year has proposed either an Environmental Impact Rating of a C or an Energy Efficiency rating of a C for new tenancies from April 2025 and all tenancies from April 2028
 - There is no programme for the private rented sector in relation to decarbonisation.

- There is limited support for those around energy efficiency, but this is based on low-income households. These support programmes are based on the tenant and not the building or landlord. In many situations a landlord will not know the finances of individual tenants, therefore will not apply.

2. the role of sector specific retrofit targets to help drive change;

- Properties change sector regularly; a private landlord may rent a property to a local authority, who use it for social housing. An RSL may use a property as a private rent then for social rent, equally a property may be rented out for a year because a person has a job overseas for a defined period such as a year, and then it will revert back to owner occupier. To have different targets for each sector could cause confusion and problems, especially when targets will be set outside of Welsh government competency.
- Clarity on targets short term and long term will be required to avoid inappropriate measure being installed and then needing replaced. This is not only expensive but losses support for decarbonisation.
- To set targets which will be dependent on other areas not covered by Welsh Government also poses a problem. The private rented sector is governed by the Minimum Energy Efficiency Standards, which are set in . This will look at the environmental (carbon) impact of properties, in the future. But to use a different target for different sectors will create confusion.
- This is still subject to the future energy grids strategy along with the future energy mix. With an unknown energy mix moving forward, it is a challenge to predict what specific targets will be required. We do support the improving of the fabric of building first before moving to heating systems. Thus, the retrofit target should be first looking at people moving the properties to the best fabric position they can be before looking at heating.

3. actions the Welsh Government should take to progress a programme of retrofit for these sectors in the short, medium and long term;

- There is a lack of knowledge of where every house is on the journey to zero carbon in Wales, or even energy efficient.
- A survey of all housing in Wales should be undertaken. This would give a base line from which decisions can be made, which would be based on evidence from the survey. This would give an understanding of the scale of the retrofit challenge and allow for the development of the skills and resources that are required as well as an indication of scale of retrofit required.

- It is only from doing this that a meaningful plan short, medium and long term can be made.
4. the key challenges of delivering a programme of retrofit within these sectors, including financial, practical and behavioural, and action required from the Welsh Government (and its partners) to overcome them;
 - There is a lack of understanding of what the challenges are and what the move to decarbonisation will look like. That is why a property passport giving a road map for each property will allow people to understand what they need to do, and they can plan for this.
 - The issues such as finance, practicalities and behaviour change would flow from renovation passports as they will give an indication of what needs to happen. From this it will allow people to budget and plan for what the changes will be.
 5. how the right balance can be struck between influencing/incentivising home owners and private sector landlords to retrofit their properties and regulating to increase standards to drive progress;
 - Regulations for the private rented sector sit within MEES and we await the outcome of the consultation.
 - Any policy has to be balanced in the private rented sector between costs and affordability of the tenants. An increase in rents during a period of fiscal tightening would not be to the advantage of households in Wales.
 - A pathway to net zero needs to be made and how it will be funded and incentivised.
 - Tax breaks such as the landlord energy saving allowance needs to be re-introduced along with support around planning, building regulations and access.
 - Reform of the planning system to support change in building, to achieve the targets especially around windows and external wall insulation.