

Pwyllgor Newid Hinsawdd, yr Amgylchedd a Seilwaith / Climate Change,  
Environment and Infrastructure Committee

[Datgarboneiddio tai / Decarbonisation of housing](#)

DH04

Ymateb gan Cymdeithas Genedlaethol Landlordiaid Preswyl (NRLA)

Evidence from National Residential Landlords Association (NRLA)

## **Inquiry on decarbonisation of housing in Wales**

28 April 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.

### **Background to decarbonisation and the private rented sector**

4. The private rented sector is a diverse tenure with a variety of housing types and people living in the properties. The housing in Wales is amongst the oldest in the United Kingdom. Private rented sector properties incorporate all the housing archetypes and ages of properties, but has a higher proportion of the oldest properties (pre-1919 build) than the social sector and owner-occupation.
5. The challenge of decarbonisation in the private rented sector is that it is not one or a handful of organisations, but thousands of small businesses each with a different approach and plan. While the overall target is the same (zero carbon), the route that each landlord and property will take will be different as will the timings.
6. This requires a solution that is suitable for specific types of housing, rather than 'one-size-fits-all'. We support a fabric first approach to retrofitting housing, followed by addressing heating and then renewables. Reducing the overall thermal needs of a property will reduce the size of engine required to heat it. This will also reduce bills due to the lower amount of energy required to heat the property.

7. The private rented sector is governed by Minimum Energy Efficiency Standards (MEES) from Westminster. A consultation on changes to these regulations closed in January 2021.
8. The UK Government consulted on two different proposed targets: an Energy Efficiency Rating (EER) of C or an Environmental Impact Rating (EIR) – which reflects carbon emissions – of C. This decision will determine which of two different avenues landlords go down.
9. The move to an EIR would see a dash for electrification of heating. While this would reduce the impact of carbon, it would have a detrimental impact on heating costs and increase fuel poverty.
10. The maintenance of an energy efficiency rating would see a direction of travel that would put an emphasis on the fabric approach first but would also support a gas heating system. The implications of the two approaches will have an impact on wider policies including fuel poverty. It could also create conflict between the tenures on direction of travel.
11. We have concerns around the possibility of conflicting directions of travel from the UK Government and the Welsh Government, in addition to local authorities' individual green objectives, and the potential for confusion amongst landlords. Mixed messaging and conflicting targets could lead to a negative impact on end users. A clear message for the decarbonisation of housing is required.
12. With the overall aim being decarbonisation, there is a question over the process and the role of an energy performance certificate (EPC) as the metric to chart progress, given its focus on energy efficiency rather than carbon use. The NRLA are supportive of a move to Building Renovation Passports, to help owners access useful information to retrofit their homes. These would provide accurate information about the measures already installed helping landlords identify what further works can be made to properties. This would ensure properties are correctly rated, with a clear trajectory for improvement, and would benefit tenants in understanding their home. If there is to be a change, there needs to be adequate time for the transition and a cohesive approach across tenures.

### **Local solutions**

13. The MEES targets set by the UK Government will push landlords to deliver the solutions that will meet these requirements once the regulations come into force. While property archetypes do repeat across Wales, each house is different as over time, owners may have chosen to undertake a range of works.
14. There is an important role for local government in facilitating this. The development of a network of trusted traders and approved local contractors who can deliver works is essential. To maximise efficiencies and reduce costs, multi-property projects such as the installation of external wall insulation across a local area would also be desirable. We would like to see a clear outline of the role that local authorities can play in supporting property owners to identify the works needed as well as identification of the opportunities for enveloping to speed up retrofit.

15. Many landlords have their own preferred tradesmen and supply chain. We acknowledge the support through training and upskilling of the workforce that is required to ensure the right mix of skills in the local workforce. Further support will be required around scaling up the workforce, sharing best practice and the order that works are undertaken so that a “no regrets” policy is followed. This means that property owners can continue to build on upgrades over time, rather than needing to remove these in order to reach future efficiency or carbon targets.

### **The future planned**

16. The future of any area in relation to energy will need to be communicated clearly to all stakeholders and residents. For example, the future development of a district heating network by a local authority or third party needs to be understood by those that are expected to be the consumers.
17. We would like to see spatial planning for heat networks by local authorities to prepare consumers to plug into the system at some future point. A clear trajectory for energy development in local areas would help landlords and other property owners plan for the future so that they can make appropriate investments taking into account the local plan.

### **Housing survey**

18. The NRLA believes and supports the delivery of a housing survey of all housing in Wales. This would allow for the establishment of a baseline and an understanding of what action needs to be taken. This would feed into local and national planning. It could also create building logs or passports for each property, giving owners and tenants more information about the property and the journey that the property will go on in progressing to net zero carbon.
19. The development of a housing survey would also allow the Welsh government to know and understand the scale of the challenge that exists. This would allow for planning to create the framework that is required in delivering improvements across all housing stock. Without a starting point, policy to deliver future interventions would be based on anecdotal evidence.
20. It would also allow for the development of the supply chain, by producing real data on the scale of retrofit needed, and therefore the skills required within the workforce. This would help identify opportunities for upskilling the existing workforce, and also what pipeline is required to further develop skills for the future.
21. Any survey should be across all tenures, helping to identify the action needed and facilitate cross-tenure works; for example, external wall insulation on a whole street approach will deliver best value. In addition, properties change tenure and a partial picture will easily date.
22. We believe that the Welsh Government should undertake this during the sixth Senedd.

### **Optimised retrofit (ORP 3 and 4)**

23. The Welsh Government is pursuing an Optimised RetroFit Programme (ORP), currently focused on registered social landlords and local authorities. The NRLA, and its predecessor organisations, have welcomed the opportunity to participate in the working group considering the ORP since it was established, including how to address privately-owned homes.
24. The private rented sector should be included in the delivery of ORP 3 and 4. Solutions need to take into account all housing tenures. Many in the private rented sector will be doing works to improve the housing incrementally similar to the owner-occupier sector, and funding of these works continues to be a question mark.
25. An understanding of how to align works at a street and community level will also be needed so that solutions can be identified and delivered. ORP 3 and 4 should then take into account the housing survey results, as outlined in paragraphs 17-21.

### **Funding**

26. There is an issue around those properties that are unable to finance the changes required. While many in the private rented sector can find finance, there are many other landlords who will struggle due to the costs of works as a proportion of property values. Funding for area-based solutions needs to be addressed. Failure to do so will reduce the housing stock available to rent and live in, adding to the cost-of-living crisis.
27. There is a role for the Welsh Development Bank to support funding of those areas where finance is not available. There also needs to be funding put in place for community-based projects, which will cover multiple properties from different tenures and in different financial positions. Local authorities will need support in resources to deliver such projects and to coordinate the many different actors involved.