

Guidance for Private Sector Landlords



Campaigning for Warm Homes



**Raising energy efficiency standards
in private rented housing –
responsibilities and assistance**



Second Edition

Contents

Part One: Introduction

- 1.1 Introduction** 3
- 1.1.1 Local authority responsibilities under the Housing Act 2004
- 1.1.2 The Housing Health and Safety Rating System - Cold hazards

Part Two: Three steps to increasing the energy efficiency of privately rented properties

- 2.1 Get information and advice on energy efficiency** 4
- 2.1.1 Insulation
- 2.1.2 Heating and heating controls
- 2.1.3 Ventilation

- 2.2 Get Support - Take advice on energy efficiency schemes and services** 5
- 2.2.1 Warm Front
- 2.2.2 Carbon Emissions Reduction Target (CERT)
- 2.2.3 Other sources of advice on energy efficiency schemes and services
- 2.2.3 Landlords Energy Saving Allowance (LESA)

- 2.3 Help your tenants to help themselves** 6

Part Three: The future

- 3.1 The future** 7
- 3.1.1 What is the Green Deal?
- 3.1.2 Energy Company Obligation
- 3.1.3 Mandatory minimum energy efficiency standards



1.1 Introduction

This document provides landlords with:

- Information on local authority responsibilities under the Housing Act 2004
- Guidance on how to raise the energy efficiency standards of their properties
- Signposting to further assistance and specialist advice
- An overview of forthcoming energy efficiency developments in the private rented sector and responsibilities for landlords.

1.1.1 Local Authority responsibilities under the Housing Act 2004

Under the Housing Act 2004, local authorities have powers to inspect properties under the Housing, Health and Safety Rating System (HHSRS) to enforce improvements where housing poses an unacceptable risk to occupants' health or jeopardises their safety. The Housing Act introduced the HHSRS in England in 2004 and in Wales in 2006.

The Housing Health and Safety Rating System (HHSRS)

A risk based evaluation tool to help local authorities identify and protect against potential risks and hazards to health and safety from any deficiencies identified in a dwelling

1.1.2 The Housing Health and Safety Rating System (HHSRS) - Cold hazards

The HHSRS replaced the Housing Fitness Standard as the way in which local authorities ensure that homes do not pose a risk to their occupants.

The HHSRS assesses a number of different potential hazards to tenants:

- Excess cold or heat
- Damp and mould growth
- Pollutants, e.g. asbestos or carbon monoxide
- Lack of space, security, lighting or excessive noise
- Poor hygiene, sanitation or water supply
- Accidents such as falls, electric shocks, fires, burns and scalds; and
- Collisions, explosions and structural collapse.

Potential hazards are given a score rating based on the risk of them causing major harm to the most vulnerable person who might typically occupy the dwelling; this principle can be applied to both current and future tenancies.

When a local authority identifies a serious, or Category 1 hazard under the HHSRS it has a statutory duty to act to ensure the landlord takes action to address the hazard. Local authorities will usually use both informal and formal approaches to enforce the removal of Category 1 hazards. A schedule of remedial work will be drafted by an HHSRS inspector and be provided to the landlord.

Under HHSRS you have a responsibility to ensure that your tenants can affordably heat their home

The private rented sector has a higher incidence of cold hazards than any other housing sector¹ and is a particular issue for older properties that may not be well insulated or may lack modern heating systems. No tenant should be at risk of ill-health or discomfort because their home is too cold.

As a guide, the heating system in a property should be able to achieve a healthy indoor temperature of 21°C in the main living room and 18°C in other rooms at an outside air temperature of -1°C.

For government guidance on HHSRS please refer to the following:

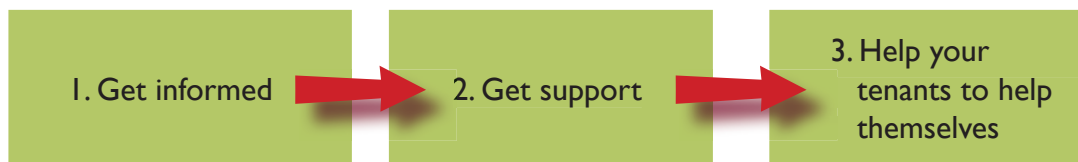
<http://www.communities.gov.uk/documents/housing/pdf/150940.pdf>

¹ English Housing Survey SSST 4.1, 2009



Part Two Three steps to increasing the energy efficiency of privately rented properties

Landlords interested in making energy efficiency improvements to their properties are advised to consider the following actions and assistance:



2.1 Get informed - information and advice on energy efficiency

The best way to prevent your properties being identified as a risk to your tenants because of excess cold is to ensure the insulation is adequate for the property and that the heating system is appropriate, well maintained, efficient, affordable and controllable. By doing this your properties will require less energy – and money - to keep them at a comfortable temperature. These measures also address the risk of damage to your property from excess mould and condensation.

2.1.1 Insulation

Improving the insulation of your properties has benefits for you as a landlord and your tenants. Appropriate levels of thermal insulation minimises the risk to tenants of excess cold by helping to keep the heat in. In particular, installing cavity wall insulation (or solid wall insulation) and topping up/installing loft insulation will cut heat loss substantially. Where heating systems are more expensive to run such as electric or oil-based systems, it is highly recommended that insulation is installed to minimise fuel expenditure for tenants. Insulation is beneficial as it minimises the potential for condensation and mould growth and the subsequent repairs and redecoration.

2.1.2 Heating and heating controls

You can also consider installing a new, more efficient heating system with effective user-friendly controls especially where the existing system is more than 10-15 years old. This will help tenants to control their heating and achieve a more comfortable living environment. These improvements will make it easier for tenants to afford to heat the property.

The type of programmable/adjustable heating system and hot water controls will depend on the type of system in a property. The following are recommended for consideration:

- A programmer allowing independent control of heating and hot water.
- Thermostatic radiator valves
- Programmable room thermostats
- Hot water cylinder thermostats

2.1.3 Ventilation

Appropriate ventilation combined with an efficient, affordable heating system will greatly reduce the risk of condensation and mould growth in a property.

Ventilation options to consider include:

- Humidity controlled extractor fans in bathrooms and kitchen areas
- Providing advice for tenants on the importance of ventilation and safe/appropriate methods for ventilating the property. (Note: Tenants are often concerned about loss of heat from fans/open windows used for ventilation as well as their operating cost. On average extractor fans cost less than 1p per hour to run and a negligible amount of heat is lost if a window is open for 10 minutes or less)
- Draught-proofing the kitchen and bathroom doors. This will ensure moist air from cooking/bathing does not travel to colder parts of the property causing condensation on cold surfaces.

You can get free and independent advice on energy efficiency, as well as specific information on the kind of improvements you can make from the Energy Saving Trust www.est.org.uk or call 0300 123 1234 (local rates apply).



2.2 Get Support - Take advice on energy efficiency schemes and services

There are a number of grants or schemes available to tenants that can help to improve the energy efficiency of your properties and make them more attractive to future tenants.

2.2.1 Warm Front

In England, if your tenants are in receipt of certain income-related benefits, they may be eligible for a grant for specified heating and insulation measures under the Government's Warm Front scheme, of up to £3,500 (or £6,000 for those off the mains gas grid). Warm Front provides a range of insulation and heating measures, including energy efficient heating systems, cavity wall insulation, loft insulation, and draught proofing, to vulnerable households.

To find out more about Warm Front call 0800 316 2805 or visit www.directgov.uk/warmfront

Warm Front will be replaced by The Green Deal in late 2012 (see 3.1.1).

2.2.2 Carbon Emissions Reduction Target (CERT)

In summary CERT is the current Government obligation on energy companies to help their customers reduce their domestic carbon emissions. The CERT obligation runs until December 2012.

Measures available through the CERT obligation include discounted professionally installed loft, cavity and solid wall insulation and a variety of more efficient heating, lighting and appliance products. DIY loft insulation is also available through CERT; this means that rolls of insulation are available at heavily discounted prices in DIY stores. Some tenants may be eligible for free measures depending on their circumstances whilst others will be eligible for low cost measures.

Tenants can find out more by contacting their energy supplier directly and/or the local authority Private Sector Housing team. This team should know of any local CERT schemes or other local energy efficiency schemes that apply to privately rented properties and may have preferred installers they are working with.

2.2.3 Other sources of advice on energy efficiency schemes and services

The Energy Saving Trust provides independent advice on the energy efficiency of homes, as well as specific information on the kind of improvements you can make. Its website also shows the kind of savings that can be made from installing energy efficiency measures, visit www.est.org.uk or call 0300 123 1234 (local rates apply).

Find out more about energy efficiency schemes and services from:

- The Private Sector Housing Team within your local authority
- www.carbontrust.co.uk/energy/takingaction/eca.htm

2.2.4 Landlords Energy Saving Allowance (LESA)

LESA is a tax allowance scheme which enables individual or corporate landlords renting out residential property to claim tax allowances, against their income or corporation tax return, for the cost of buying energy saving items as specified below. LESA allows landlords to claim up to £1,500 against tax every year for properties they rent out in the UK and abroad. LESA can be claimed for the actual expenditure on the cost of materials and installation in relation to the following energy efficiency measures:

- Cavity wall and loft insulation, after 6 April 2004
- Solid wall insulation, after 7 April 2005
- Draught proofing and hot water system insulation, after 6 April 2006
- Floor insulation, after 6 April 2007

Landlords can claim LESA when you are filling in your tax return up to 1 April 2015. Rules on apportionment and other restrictions may apply.

To find out more about LESA, please contact:

- Your accountant or tax adviser
- Your local tax office
- http://www.direct.gov.uk/en/HomeAndCommunity/PrivateRenting/RentingOutYourProperty/DG_175186
- <http://www.hmrc.gov.uk/manuals/pimmanual/PIM2020.htm>

2.3 Help your tenants to help themselves

In many cases tenants may not know how to operate their heating system properly or efficiently. This alone can mean they find it difficult to affordably heat a property - which in turn may lead to cold homes, potential condensation, damp and mould growth, ill health and potentially lead to an HHSRS inspection.

Recommended ways to help your tenants include:

- Providing a “welcome pack” to new tenants containing information on topics such as Energy Performance Certificates, Gas Safety Certificates, refuse collection days, as well as where to access relevant advice including:
 - Energy Saving Trust - 0300 123 1234 (local rates apply) or www.est.org.uk provides impartial energy advice
 - Home Heat Helpline (0800 33 66 99 or www.homeheathelpline.org.uk) provides advice on fuel debt, energy advice and other services. Further advice/information for tenants is provided under section 2.2 (particularly 2.2.3).

- Citizens Advice Bureau (www.citizensadvice.org.uk) for general advice including fuel debt advice.
- Ensuring tenants are shown how to use the heating programmer or alternatively provide easy to understand instructions
- Making sure that tenants know how to use any storage heaters correctly, if installed
- Ensuring they understand the importance of adequate ventilation if using bottled gas heaters to avoid excessive moisture production and the potential for mould growth. Where possible look at installing alternatives to bottled gas and stand alone heaters to provide adequate and efficient heating.
- Setting the thermostat on the hot water cylinder above 60°C, the recommended temperature to prevent health and safety risks i.e. Legionella growth.



Part Three The Future

3.1 The Future

3.1.1 What is the Green Deal?

The 'Green Deal', will be available from late 2012 and is intended to revolutionise the energy efficiency of British properties.

The Government is preparing a legislative framework to enable organisations to offer energy efficiency improvements to homes, community spaces and businesses at no upfront cost. The cost of the measures is paid back over the long term (for example, 25 years) through repayments made via energy bills. It is not a conventional loan – when the current occupant leaves the property, instalments for the work will be taken from the new occupier's fuel bills. A key principle being that the occupier only repays the measures whilst they are in the property and enjoying the benefits.

The expected financial savings must also equal to a greater than the costs attached to the energy bill, known as the 'Golden Rule' of the Green Deal.

There are real benefits for the private rented sector under the Green Deal as it overcomes the 'split incentive' whereby previously the landlord paid for the energy efficiency improvements but the tenant benefited through lower energy bills. Under the Green Deal landlords will get energy efficiency improvements at no upfront cost. Meanwhile their tenants repay through their energy bill savings whilst enjoying the benefits of a more energy efficient home. As the tenancy changes, the landlord would need to make the new tenant aware of the charge on the energy bill.

3.1.2 Energy Company Obligation (ECO)

In 2012 a new domestic Energy Company Obligation (ECO) will be introduced in conjunction with the Green Deal. The detail of ECO is still under development; however it is anticipated that it will support households who need assistance beyond that offered by Green Deal finance alone. Two key groups for ECO to focus on would be households living in harder to treat homes where the costs of energy efficiency improvements are greater than can be fully financed under the Green Deal 'Golden Rule' and the poorest and most vulnerable households.

Where your tenants or your properties meet the eligibility criteria for ECO they may be able to benefit. The eligibility criteria have yet to be finalised.

Further detail on the Green Deal and ECO will be made available by the Government in due course. Further detail on the Green Deal and ECO will be made available by the Government in due course. Search for Green Deal on the Department of Energy and Climate Change website.

Your local authority may become a Green Deal provider – check their website for further information.

The Energy Savings Trust will provide information on Green Deal when it launches. Contact 0300 123 1234 (local rates apply).

3.1.3 Mandatory minimum energy efficiency standards

From April 2016, landlords may not refuse "reasonable" requests for consent from their tenants to improve the energy efficiency of their properties, where there is financial support available under the Green Deal and ECO.

Furthermore, from April 2018, there will be a minimum energy efficiency standard, likely to be set at 'E', for all privately rented properties. It will be illegal to rent out a property unless it is 'E' or the landlord has carried out the maximum package of measures under the Green Deal and ECO (even if this does not get them above F). This safeguard helps to ensure there are no overall costs to landlords as a result of the requirement. Energy Performance Certificates will continue to provide information on these energy ratings. Some exemptions would be set out in secondary regulations and could include, for example, listed buildings.





Campaigning for Warm Homes

This resource has been prepared by NEA the national energy efficiency charity with support from the Department of Energy and Climate Change.

Level 6 (Elswick), West One, Forth Banks, Newcastle upon Tyne, NE1 3PA.

Tel: (0191) 261 5677 Fax: (0191) 261 6496 email: info@nea.org.uk website: www.nea.org.uk.

Company limited by guarantee. Registered in England no. 1853927 Registered office as previous.

©NEA May 2012