

Appendix One - Private Sector Housing

Carbon Reduction in the PRS

March 2022

1. The private rented sector (PRS) provides just over 20% of all the homes in the city. Over the last 20 years we have seen an increase in homes within the sector mainly at the expense of the owner/occupiers especially in the inner city neighbourhoods.
2. Given the scale of the PRS it is very difficult and complex for the Council to make significant changes in addressing carbon reduction in the sector. There are estimated to be around more than 70,000 privately rented properties in Leeds covering all different rental needs. Whilst there is legislation covering excess cold and energy standards there is no legislation requiring carbon reduction as part of the works. To comply simply installing a gas central heating system would be sufficient. This means that, whilst compliant, gas heating systems emit more carbon than other heating sources. However, to use electric heating systems would increase fuel costs to the resident resulting in an increase in fuel poverty in the sector. This makes the reduction in carbon emissions a real issue for the sector and its residents
3. In parts of the city the private rented sector is the dominate tenure with over 50% of the total market found within the hardest to treat pre-1919 solid walled properties. These trend to be most expensive and difficult to improve in terms of their thermal efficiency and reduction of carbon. It is estimated that 70% of the PRS has an EPC rating of D or below with 15% being F or below. Of all the 3 tenures, based on the 2017 stock condition survey the PRS has on average the lowest EPC rating at 55, compared to 58 for owner/occupiers and 60 for the social sector.
4. Current Minimum Energy Efficiency Standards make it illegal to rent a property with an EPC rating below an E. Whilst this is the case there are exemptions including a limit of £3500 towards the cost of compliance. To comply a landlord who installs gas central heating and/or new double glazed windows post October 2017 is likely to be deemed to have complied due to the cost cap. This means that, whilst compliant, gas heating systems emit more carbon than other heating sources. However, to use electric heating systems would increase fuel costs to the resident resulting in an increase in fuel poverty in the sector. This makes the reduction in carbon emissions a real issue for the sector and its residents
5. Whilst there was Government consultation to increase the EPC rating to a C for a property to be rented to 2025 it remains at by 2030. To achieve this target there need to be considerable investment in the sector. Given that 70% or around 50,000 PRS properties require improvements to have an EPC rating of C by 2030 (or potential from 2025/6) this is a considerable level of

investment required in the sector to ensure properties comply. The Energy Bill due in June this year will hopefully give more direction on the timeline for achieving the various ratings and standards. Again, any exemptions including cash limits on expenditure would be part of the bill.

6. As part of the Locality Agenda Holbeck has continued to receive investment in improving the energy efficiency of the existing stock. A further £4m has been invested to improve 140 homes to the same standard as previously in phase. This includes new insulated roofs, high thermal efficiency doors and windows and external wall insulation. The outcomes from the scheme are similar to previous schemes with properties brought up to EPC B/C and potential savings in the resident's fuel bills and carbon emissions.
7. However, the last 2 funding streams have been due to the Local Growth Fund and Get Building Fund both linked to employment rather than carbon reduction. Funding is irregular and agenda driven based on issues not necessarily related to carbon reduction but jobs and economic factors.
8. During the period of the scheme the standards required by which such properties in Holbeck need to be improved in the future. The standards have been improved from Public Available Specification (PAS) 2030 to PAS 2035. This will mean more works required on properties such as those in Holbeck to achieve the higher standard. To determine the issues and technical problems this may create a couple of pilot properties are being undertaken as part of the works to get an understanding for future works. It is anticipated there will be an increased cost of £4/6k per property.
9. As part of the ongoing works in Holbeck the project is part of the BU2 project. This is a European wide project looking at trying to determine the actual benefits from schemes by recording data before and after the completion of the scheme. This will help to influence future works. Holbeck is only one of two projects in the country taking part.
10. For such projects, as currently being undertaken in Holbeck, to become the norm then there requires to be long term investment made available to allow better programming of works, improved supply chains and to provide confidence to the industry to invest in long term training and development of the skills required to deliver large scale projects.
11. Part 1 of The Housing Act 2004 places a duty on the Council to address hazards, one being excess cold. Excess cold is always in the top three hazards found by officers as part of the inspections that are undertaken by the service. However, to address this hazard, landlords are more likely to install gas central heating which will increase not decrease carbon emissions.

12. The Government is still reviewing Part 1 of the Housing Act 2004. This provides an opportunity to include carbon emissions and to take into consideration the overall cost to tenants as part of the assessment of the works required rather than just removing excess cold by putting in a gas central heating system. This could then help with carbon targets but minimise the potential for increased fuel poverty. The review also provides the opportunity to link legislation together rather than as now them being contradictory. Unfortunately, as with legislation affecting the sector, there is a disconnect between different Acts which makes it difficult for landlords to understand their responsibilities and for Councils to enforce.
13. The Government indicated in the Levelling Up White Paper that there will be a White paper on the PRS itself. One of the proposals is for the Decency Standard to be applied to all tenures. This standard not only includes removal of category 1 hazards but also thermal comfort. The standard requires both effective insulation as well as an efficient heating system. Until the White Paper has been published then it remains unclear as to what the standard may be and how it may impact on carbon savings.
14. The Council has continued to lobby the Government for changes as well as other bodies, such as the Private Housing Officer Group (Core Cities) and the LGA, to provide financial incentives such as the reinstatement of funding such as the Private Sector Renewal Grant; tax changes to make it a viable business option for landlords to undertake works; the linkage of public money such as housing benefit to housing conditions (including the SAP rating) and making the legislation around this matter less complex and more enforceable. This would not just allow Councils to enforce and improve standards but also make it more understandable for landlords and what they need to do to comply with their responsibilities.
15. As part of the educational approach, we continue to work with landlords' association to promote the need to improve properties and to ensure landlords are aware of potential changes which will impact the sector such as the potential changes to EPC rating and the ability to rent homes. This is via landlords' forums, social media, email alerts and the Council's own webpages.
16. Support for residents to reduce carbon emissions is more complex and difficult. As above the main aim of legislation available to the service is to address excess cold and cost of use, which results in gas not electric heating systems installed. As part of the work of officers cross the threshold of properties to not just address standards but also support the needs of tenants. This is an approach that occurs especially with visits in Holbeck as part of the Leeds Neighbourhood Approach and in Beeston and Harehills with selective licensing. By engaging with residents' officers are able to help by working with partners to address help with maximising income, access to help with jobs

and training, work with the colleagues to access energy efficiency and heating appliances if required and qualify for assistance.