

Department of Finance - Review of energy efficiency requirements and related areas of Building

Regulations

Response from Propertymark

December 2023

Background

1. Propertymark is the UK's leading professional body of property agents, with nearly 18,000 members representing over 12,500 branches. We are member-led with a Board which is made up of practicing agents and we work closely with our members to set professional standards through regulation, accredited and recognised qualifications, an industry-leading training programme and mandatory Continuing Professional Development.

Consultation – overview

2. In December 2021, the Northern Ireland Executive's *Energy Strategy – Path to Net Zero Energy (December 2021)* was published. This set out Northern Ireland's commitment to ensure that all new buildings are designed and constructed to net zero ready standards by 2026/27. Since 15% of emissions in Northern Ireland come from buildings, reducing the environmental impact and energy efficiency of new buildings is vital for Northern Ireland to reach net zero. This pre-consultation seeks information and evidence on a range of technical issues to help inform the Department of Finance's strategy to achieve this going forward.

Propertymark response – summary

3. Propertymark welcomes the opportunity to respond to the Department of Finance's Review of energy efficiency requirements and related areas of building regulations. Propertymark supports efforts to improve the energy efficiency of housing stock as this reduces costs to homeowners and landlords while ensuring that homes have less of an impact on the climate. That being said, recent attempts made by other nations in the UK have often failed to make an impact or have set unrealistic expectations on property owners, setting unrealistic targets while providing insufficient support. Most notably, the UK Government recently scrapped Energy Performance Certificate (EPC) targets for residential rented properties in England and Wales after considerable pushback. Raising EPC ratings comes at a significant cost to property owners, meaning that energy inefficient homes are often sold or neglected without sufficient financial support. In addition to being

unrealistic without sufficient financial support, the approach taken by the UK and devolved Governments has often neglected the diversity of housing stock. Grants, targets and schemes often fail to take into account the different age, condition and size of properties which leads to an ineffective one-size-fits-all approach that fails to deliver the number of energy efficient properties needed, particularly when retrofitting existing stock. Due to this, we urge the Department of Finance to consider the following when progressing with their plans to improve the energy efficiency of buildings and homes:

- **Ensure that efforts to improve energy efficiency focus on the difference in property types and methods of heating, whilst avoiding a one-size-fits-all approach..**
- **Provide sufficient funding and support for landlords and home occupiers** to be able to afford retrofit without risking an increase in empty energy inefficient homes or landlords selling rental properties.
- **Ensure that retrofit or new energy efficiency targets and requirements are realistic** and provide sufficient time for homeowners and landlords to invest in their homes and for industries to adapt to new requirements.
- **Prioritise long-term investment** over short-term target setting to limit unintended consequences such as lower numbers of properties built and landlords leaving the market due to high retrofit costs.
- **Ensure parity with other parts of the UK** unless there are substantial reasons where other standards would not be applicable to Northern Ireland. This will help create greater standardisation across the UK, improving the efficiency of developers, suppliers and property businesses who work across all UK nations.

Questions

4. Due to the high number of questions within this review, Propertymark has focused on answering a smaller number of the most relevant questions to our positions on improving energy efficiency.

Question 2B.2: Are there any additional local characteristics or issues around our local industry that the Department should be mindful of as we take forward proposals?

5. Yes, there are two additional local characteristics or issues that the Depart should be mindful of and build into future policy proposals. Firstly, retrofitting existing properties may be more challenging for landlords and homeowners in Northern Ireland than the rest of the UK due to lower

median incomes. The median household income in Northern Ireland is significantly lower than the rest of the UK, with median incomes of £28,939 per year¹ compared to £35,000². If homeowners are required or encouraged to retrofit their homes, they will be less able to afford it in Northern Ireland even if the cost of retrofit is considerably lower. This will need to be taken into account when providing financial support for homeowners, either through Government programmes or the encouragement of private loans. Secondly, many landlords who would be required to retrofit their rental properties would also face financial challenges. The average house price in Northern Ireland is £179,530³ compared to £310,000 for the rest of the UK⁴ which means that rents are considerably lower in Northern Ireland⁵. For landlords looking to retrofit their homes, it will take longer to recuperate their investment through their rent or could lead to many landlords raising rents to recover the costs. We would therefore encourage wider financial support or tax incentives to ensure that landlords are able to retrofit their property without incurring substantial cost which they could pass on to their tenants.

Question 3A.1 Do you agree that a new primary energy metric and TPER targets should be introduced?

6. In principle, Propertymark does not disagree that targets for primary energy usage and emissions should be introduced. However, the Department of Finance must ensure that targets are realistic and achievable based on existing and planned construction industry capabilities. The unintended consequences of setting ambitious targets are that this could lead to a decrease in the capacity of construction companies and developers to produce new homes or homes in areas that would make compliance with the new energy efficiency requirements difficult. This would particularly impact smaller developers who may not have the ability to construct buildings to the new standard, due to a lack of expertise or higher costs associated with constructing buildings to new standards. To offset this, the Department of Finance should introduce financial support for companies that meet higher standards, providing incentives to develop energy efficient buildings.
7. Regarding specifically primary energy metric and TPER targets, our concerns is that existing energy efficiency measurements are well known and well adopted in the industry. Any change in metrics

¹ [The Northern Ireland Poverty and Income Inequality Report 2021-22 is released | Northern Ireland Executive](#)

² [Effects of taxes and benefits on UK household income - Office for National Statistics \(ons.gov.uk\)](#)

³ [STATISTICS PRESS RELEASE: \(finance-ni.gov.uk\)](#)

⁴ [UK House Price Index - Office for National Statistics \(ons.gov.uk\)](#)

⁵ [Average cost of rent by region UK 2023 | Statista](#)

will need to be well advertised and supported through a wide-reaching information campaign to enable developers to better measure and adopt these new ways of measuring energy usage.

Question 3B.1: Do you support the addition of a Primary Energy and FEES metric assessment alongside the current Carbon emissions metric assessment when using the Equivalent Target Approach to demonstrate compliance in cases of work to existing dwellings?

8. In terms of establishing a new metric assessment, Propertymark does not have an issue with introducing new metrics for assessing energy efficiency and usage. However, it should be noted that once the new measures are introduced, there is going to be a shortage of qualified professionals who would be able to assess existing buildings using the new metrics. Therefore, landlords and homeowners may need to wait a significant amount of time for their properties to be assessed. Any targets for energy efficiency should take this into account. Furthermore, our concerns expressed on the introduction of new methods of assessing energy efficiency and setting targets for new dwellings are further exacerbated for new existing dwellings. On the issue of target setting, it is important to clarify targets for different housing tenures at the earliest possible time and provide enough time and financial support to help landlords and homeowners meet new requirements. Note that lessons should be learnt from actions taken by the UK Government for setting energy efficiency targets in England and Wales, which did not legislate a definitive deadline for energy efficiency requirements despite making various recommendations in strategy documents for when private rented houses should at least be an EPC C in order to be rented out. Additionally, financial support from the UK Government was often limited to replacing central heating systems which are not feasible for many properties. If financial support is to be given to landlords and homeowners in Northern Ireland, it must be flexible and able to be used on a range of energy efficiency improving measures that accommodate for the age, location and other factors impacting the property.