

**Department for Energy Security and Net Zero Warm Homes Fund: call for evidence**

**Response from Propertymark**

**June 2026**

**Background**

1. Propertymark is the UK's leading professional body for estate and letting agents, property inventory service providers, commercial agents, auctioneers and valuers, comprising over 19,000 members representing over 12,800 branches<sup>1</sup>. 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.

**Overview**

2. The Call for Evidence seeks views on the draft aims and scope for the Warm Homes Fund, as well as the strategic opportunities and challenges for using government finance to drive forward investments in home upgrades. It also seeks views on different use cases for the finance, including loans, equity investment, subscription or 'energy as a service' models, bulk purchasing, skills, community energy and heat networks.

**Propertymark response**

**Section 1: Warm Homes Fund strategic case, aims and scope**

**Question 1: Do you agree with our assessment of the strategic opportunities, challenges and risks presented by warm homes financial transactions? Please provide evidence to support your response.**

3. Propertymark welcomes the opportunity to respond to the Call for Evidence regarding the Warm Homes Fund strategic case. We broadly agree with the assessment of the strategic opportunities and challenges outlined in the document, particularly the recognition that high upfront costs remain the primary barrier to the widespread adoption of low-carbon technologies.
4. While we recognise the significant cost of living challenges currently faced by tenants and the clear benefits that improved energy efficiency can bring in reducing household bills, the financial challenges for landlords must also be fully considered. Private landlords face substantial capital constraints when upgrading properties, and unlike owner-occupiers, they do not directly benefit from the resulting energy bill savings. If the Warm Homes Fund is to successfully stimulate mass market uptake, financial mechanisms must be designed to mitigate this split incentive.

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<sup>1</sup> [The professional body for the property sector | Propertymark](#)

5. We support the UK Government's intention to supplement rather than displace private sector finance, and we agree that innovative blending of grants and low-cost lending will be essential. However, to ensure widespread participation across the private rented sector, the fund must offer accessible, affordable, and flexible long-term financial products that reflect the diverse financial positions of property owners. Without sufficient, tailored support for landlords, there is a risk that the costs of compliance could lead to divestment, thereby reducing the availability of much-needed rental housing stock.

**Question 2: What evidence is there on the factors that most significantly limit the uptake of green finance?**

6. We think are four factors that most significantly limit the uptake of green finance:
  - **Firstly, impact on property valuation** - the Propertymark report Making UK Property Energy Efficient<sup>2</sup>, highlights that the lack of property value appreciation is a major deterrent to the uptake of green lending. Propertymark research shows that 73% of sales agents report that homebuyers only sometimes show an interest in EPC ratings, while 15% state buyers never show an interest. Most critically, 47% of agents report that a property's energy efficiency rating never influences the offer a buyer makes. The impact is that property owners cannot see a clear return on their investment upon resale, resulting in very little financial incentive to take on green debt, rendering existing finance products unappealing to property owners and landlords.
  - **Secondly, lack of consideration for different property types** - current financial products and government lending frameworks are restricted by a one-size-fits-all approach that fails to account for archetype complexity particularly in the private rented sector. Data from the English Housing Survey highlights that the average cost of upgrading a home to EPC band C is £7,480, but this rises significantly to around £10,700 for older, pre-1919 properties<sup>3</sup>. A significant portion of the UK housing stock consists of these older, heritage, or solid-wall terraced houses and flats, and again these types of property are over represented in the PRS. These properties face acute practical and structural constraints that make installing technologies like solar panels, heat pumps, or batteries exceptionally expensive or physically unviable, meaning standard loan structures fail to cover the true, complex costs of retrofitting traditional buildings.
  - **Thirdly, upfront costs for private landlords** - for the private rented sector, the primary barrier is the impact timescales for Minimum Energy Efficiency Standards (MEES) will have on supply with some landlords considering exiting the market due to limited financial support. While the Warm Homes Plan has established a deadline for all private rented sector homes to meet EPC Band C by 2030, landlords face a steep

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<sup>2</sup> [Making-UK-property-energy-efficient.pdf](#)

<sup>3</sup> [English Housing Survey - GOV.UK](#)



financial challenge with over two million rental properties currently sitting below this standard. Industry data reveals that 23% of landlords plan to sell all or part of their portfolio specifically due to these upcoming EPC requirements, while a further 32%<sup>4</sup> remain undecided. Under current finance models, landlords must take on the debt and upfront capital costs of a green loan up to the £10,000 spending cap, yet the direct financial benefit of lowered energy bills goes entirely to the tenant. Without alternative financial incentives to offset this split incentive, traditional lending products will fail to stimulate demand, and overly rigid targets risk causing landlords to exit the market and divest, directly reducing the rental housing supply.

- **Fourthly, value and appreciation of EPCs and improvements** - uptake is also heavily limited by the absence of clear, trusted improvement pathways on EPCs. Propertymark letting agent members report that only 2% of prospective tenants always show an interest in a property's EPC rating. Current certificates offer headline scores rather than reliable, staged roadmaps linked directly to financial products. Without knowing exactly which sequence of measures guarantees regulatory compliance or genuine savings, property owners are hesitant to utilize green finance due to the perceived risk of wasted capital on piecemeal, ineffective upgrades. Finally, green finance demand is severely restricted by inadequate fiscal and tax incentives to blend with loans. Propertymark evidence indicates that finance alone is insufficient to improve landlord and consumer behaviour.

**Question 3: What wider loan or equity-based interventions in the warm homes market could unlock demand at scale?**

7. We think that demand for green finance will remain low until it is structurally paired with comprehensive tax relief and fiscal incentives. Capital loans and equity investments alone cannot overcome the market stagnation caused by the split incentive in the private rented sector, where landlords incur the costs, but tenants receive the utility bill savings. However, to unlock demand at scale we think there are four interventions that should happen:
  - **Firstly, we would strongly encourage the reintroduction of targeted tax relief frameworks like the Landlords Energy Saving Allowance (LESA), which was originally established in 2004 to incentivise property upgrades.** LESA allowed landlords to claim up to £1,500 per property annually against their income or corporation tax liabilities for installing key energy-efficiency measures, such as loft, floor, cavity wall, and solid wall insulation. Reviving an updated version of this scheme would provide an immediate, tangible financial offset to the capital costs of retrofitting, effectively bridging the gap for landlords hesitant to take on green debt.
  - **Secondly, we think that to stimulate the market, the UK Government should introduce mechanisms that allow the cost of low-carbon installations, clean heat**

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<sup>4</sup> [EPC C targets push landlords towards the exit](#)



**technologies, and associated retrofitting works to be fully offset against rental profits.** This adjustment would instantly improve cash flow and provide property owners with a compelling, immediate fiscal reason to utilise green lending facilities. This would also support landlords against the adverse impact of taxation changes from Section 24 of the Finance Act<sup>5</sup>.

- **Thirdly, property owners should be permitted to offset the comprehensive costs of energy efficiency improvements against their eventual Capital Gains Tax (CGT) liabilities when a property is sold.** This approach recognises that energy upgrades as an eligible enhancement cost for CGT purposes which would validate the long-term investment made by the property owner, helping to mitigate the current market reality where green upgrades do not reliably translate into higher initial house price valuations.
- **Fourthly and finally, in order to stimulate the homebuying market, the UK Government should consider Stamp Duty reform under the framework on energy efficiency improvements.** Under this framework, buyers who commit to utilising green finance to upgrade a property to a higher EPC band within a specified period post-acquisition would trigger a significant Stamp Duty rebate. Similarly, introducing localised council tax incentives, where households with higher verified energy efficiency ratings or low-carbon technologies pay a reduced annual rate, would create a continuous lifestyle incentive that drives consumer appetite for green financial products.

**Question 4: How should the Warm Homes Fund ensure that it includes an offer suitable for those on low incomes?**

8. We think that in order to ensure that the Warm Homes Fund effectively includes an offer suitable for those on low incomes, the design of the fund must address the realities of how low-income households interact with the housing market, particularly within the Private Rented Sector (PRS). To this end, it is imperative that any strategy aiming to support low-income groups must explicitly acknowledge that due to a chronic lack of supply in social housing, a vast number of low-income and vulnerable households now rely heavily on the private rented sector. Targeting low-income support solely through owner-occupiers or social housing providers misses a significant portion of the target demographic. Lower-income individuals in the PRS are highly exposed to volatile energy bills and fuel poverty, making it vital that the fund treats this sector as a priority delivery channel. Additionally, unlike low income and vulnerable tenants in social housing, tenants in the PRS do not have the same levels of support due to less capacity being offered from social housing managers.
9. The private rented sector is uniquely transient. A property may be occupied by a high-income professional one year and a low-income family or individual the next. Because tenant demographics change regularly, funding eligibility should be tied directly to the

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<sup>5</sup> [Finance \(No. 2\) Act 2015](#)

property archetype and its baseline energy performance, rather than the personal financial or health circumstances of the current occupier. A bespoke funding package for the PRS, such as a fixed grant-and-loan blend attached to the property's title would ensure long-term decarbonisation benefits remain embedded in the housing stock, protecting future low-income tenants regardless of how frequently the tenancy turns over.

10. Currently, energy efficiency funding is heavily aimed at the individual tenant, requiring strict eligibility criteria linked to personal income, benefits, or health conditions. This framework creates significant friction. It forces landlords or managing agents to ask highly personal, invasive questions about a tenant's health and financial status, which damages the landlord-tenant relationship and deters participation. By shifting the eligibility focus from tenant profiling to property profiling (such as targeting any PRS property with an EPC rating of D, E, F, or G), the government can bypass these administrative and social barriers, accelerating deployment at scale.
11. In addition to grant funding, the UK Government should consider interest free loans similar to the modal offered by Scotland. Home Energy<sup>6</sup>. This scheme offers a dedicated interest-free loan scheme specifically for private landlords, offering up to £15,000 per property for insulation and fabric upgrades. Crucially, the loan is asset-focused, meaning the property gets upgraded and the benefit stays with the home, protecting any future low-income tenant who moves in. Furthermore, to engage fully with landlords and their property agents, DESNZ must launch a clear marketing campaign. To this end, the UK Government must engage directly with landlords and professional bodies like Propertymark to build trust, simplify the process, and to ensure that all stakeholders are aware of support and grant and loans schemes.

## Section 2 Potential aims, scope and eligibility

**Question 5: Do you agree with the proposed overarching aims of the Warm Homes Fund? Please provide evidence to support your answer.**

12. Propertymark strongly agrees with the overarching aims of the Warm Homes Fund to reduce consumer energy bills and scale up the deployment of low-carbon technologies. However, investment decisions must be guided by the structural economic realities highlighted in our joint report with the think tank Localis, entitled *Lagging behind: energy efficiency in low-viability properties*<sup>7</sup>. The report provides critical evidence that a universal, "one-size-fits-all" approach to green loans and equity investment will fail because retrofitting costs remain identical regardless of geographic location or regional property values. For example, installing a heat pump and fabric upgrades can cost roughly £24,000. In affluent parts of London and the South East, this capital expenditure represents less than 2 per cent of the overall property value. By contrast, in lower-value areas of the North and Midlands, such as Burnley, the exact same retrofitting work equates to approximately 25 per cent of the local median house price.

<sup>6</sup> [Home Energy Scotland](#)

<sup>7</sup> [Lagging behind: energy efficiency in low-viability properties | Propertymark](#)



13. Where property values are low, landlords and owner-occupiers do not possess the housing equity required to secure substantial green loans, nor do they have the rental yields to absorb the debt. Homeowners and landlords in these low-viability markets have absolutely no financial incentive to take on expensive green loans that add zero commercial value to the property itself. We do acknowledge the possible inclusion of a new exemption where energy efficiency measures cost more than 10% of a property value will be useful. However, given the low threshold of £100,000 for a property value, this will unlikely be applicable for many properties including in those in areas with low property values. Therefore, if the fund focuses solely on supply chain loans and uniform financial transactions, it will inadvertently deepen regional economic inequality. The Warm Homes Fund must use its framework to deploy localised, targeted funding mechanisms, such as enhanced grant-loan opportunities specifically designed for low-viability properties. Without geographic targeting that accounts for regional variances in property economics, the fund will fail to stimulate mass market demand in the areas that need it most.

**Question 6: Do you agree with the proposed technology scope and are there any technologies missing that you think the Fund should focus on? Please provide evidence to support your response.**

14. Propertymark partly agrees with the proposed technology scope, but we strongly maintain that the fund must explicitly prioritise a fabric-first approach to building decarbonisation. Investing in advanced low-carbon technologies like heat pumps, solar panels, and battery storage will not deliver the desired reduction in consumer energy bills if the underlying building fabric remains poorly insulated.
15. Evidence from our joint research with the think tank Localis highlights that the UK has some of the oldest and least energy-efficient housing stock in Europe. Attempting to install clean heat technologies, such as heat pumps, into a property with uninsulated solid walls or poor draught-proofing leads to severe operational inefficiencies. Without proper insulation, a heat pump must work significantly harder to maintain thermal comfort, which drives up electricity consumption and can inadvertently increase, rather than decrease, household energy bills. This outcome completely undermines consumer trust and stalls market demand.
16. While we welcome the inclusion of building energy efficiency and adaptation measures in the draft scope, these should not simply sit alongside low-carbon technologies as an equal option. Fabric upgrades, such as solid wall, cavity, and loft insulation, alongside high-performance glazing, must be established as the essential prerequisite for wider technological interventions.
17. Furthermore, a technology scope that privileges expensive, high-tech installations over basic fabric improvements fails to align with the financial realities of low-viability property markets. For many property owners, particularly landlords in regional markets with lower capital values, the upfront cost of a heat pump is unviable, whereas a phased, loan-backed insulation programme is far more achievable and offers immediate, permanent benefits

to the occupier. The Warm Homes Fund must structure its investment decisions to ensure that fabric measures are treated as the foundational baseline of any building retrofit pathway.

**Question 7: What is the extent to which the Warm Homes Fund could support additional measures in new build social and affordable housing? Please describe how the resulting benefits could be realised from Warm Homes Fund investment?**

18. This question is outside the remit of PropertyMark, and we would recommend that the UK Government engages with social housing providers.

**Question 8: Do you agree with the proposed list of activities the Warm Homes Fund could support and are there any other types of activities that should be supported?**

19. PropertyMark agrees in principle that the proposed activities are essential components of the retrofit value chain. However, we think the UK Government has omitted two critical areas that are vital to unlocking demand at scale and ensuring the long-term success of the Warm Homes Fund:

- **Firstly, the list requires greater emphasis on independent consumer and landlord advice services.** The journey to retrofitting a property is highly complex, and the biggest hurdle for the average homeowner or landlord is often sheer confusion rather than a lack of equipment. We think there is a role from local authorities in providing this advice in the form of a one stop shop and that local authorities could be supported by central government. Property owners routinely struggle to understand which measures are suitable for their specific property archetype, how to sequence those works, and how to safely navigate the finance options. If the fund does not support trusted, independent advice hubs to guide consumers through this process, the financial products will simply see low uptake. Furthermore, local authorities are in the best place to maximise supply chains, achieve economies of scale and provide relevant advice for property in their area.
- **Secondly, a greater emphasis is required in post-installation evaluation and quality assurance.** The UK retrofit sector currently suffers from a significant performance gap, where real-world energy savings often fail to match initial desktop projections. If a property owner takes on debt to finance an upgrade, but the technology is poorly integrated and fails to lower utility bills, market trust in the scheme will collapse. The fund must support independent, standardised post-installation checks to verify that installations are operating efficiently, protecting both the consumer's investment and taxpayer capital.

**Question 9: What barriers in the current finance landscape prevent non-domestic and mixed-use buildings from investing in low carbon technologies?**

20. Propertymark recognises the significant challenge involved in decarbonising non-domestic and mixed-use buildings and welcomes the opportunity to provide views on the barriers within the current finance landscape that prevent investment in low carbon technologies.
21. A key barrier is the continued lack of long-term policy certainty surrounding minimum energy efficiency requirements for non-domestic properties. Previous proposals to require commercial properties to reach EPC B by 2030 created expectations within the market, however the absence of a clear and stable regulatory trajectory has led many property owners and investors to delay decision-making. Businesses are unlikely to commit substantial capital expenditure where future compliance standards, timescales and enforcement mechanisms remain uncertain. Greater policy clarity is essential to provide confidence to invest and to allow markets to plan effectively.
22. The high upfront cost of retrofit measures also remains a substantial obstacle, particularly for smaller businesses, independent landlords and voluntary or community organisations. While domestic retrofit schemes have benefited from varying forms of government support, there remains limited grant funding and financial assistance specifically targeted towards non-domestic and mixed-use buildings. Many smaller operators lack the capital reserves required to undertake improvements such as insulation upgrades, low carbon heating systems or wider building fabric improvements, especially in the context of wider economic pressures and increased operating costs.
23. The complexity and diversity of non-domestic building stock present an additional challenge. Unlike the domestic sector, there is no consistent archetype for commercial or mixed-use properties. Buildings vary significantly in age, construction type, heritage considerations, occupancy patterns and energy demand. Many high street premises, for example, occupy older and often poorly insulated buildings that can be difficult and costly to retrofit. This complexity increases the cost of obtaining specialist advice, undertaking surveys and designing appropriate retrofit solutions, which can discourage investment and create uncertainty around likely returns.
24. Mixed-use buildings present further complications due to fragmented and often complex ownership structures. Leasehold arrangements can create significant barriers where responsibility for funding and undertaking improvements is divided between freeholders, leaseholders, commercial tenants and residential occupiers. In many cases there is little alignment between those responsible for paying for improvements and those who ultimately benefit from lower energy costs. This split incentive issue is particularly acute in mixed-use premises with flats above shops or larger developments combining residential and commercial units.
25. Commercial leasing arrangements can also discourage investment in retrofit activity. Short lease terms may limit tenant appetite to contribute towards upgrades where the financial benefits may not be realised during their tenancy, whilst landlords may be



reluctant to invest where energy costs are borne by tenants. In some cases, restrictions within lease agreements may also limit the ability to undertake improvement works without consent from multiple parties.

26. Access to appropriate finance products remains limited for many property owners. Existing green finance products are often designed with larger corporate borrowers or owner-occupiers in mind and may not adequately reflect the needs of small landlords, independent retailers or mixed-use building owners. There is also limited awareness and understanding of available green finance options across parts of the sector, particularly amongst smaller businesses without access to specialist financial advice.
27. Propertymark also thinks that the current EPC framework for non-domestic properties can create challenges. EPC assessments do not always accurately reflect the operational performance or improvement potential of complex commercial and mixed-use buildings, which can reduce confidence in investing in recommended measures. Concerns also remain around the consistency and reliability of assessments across different property types.
28. There are additional barriers relating to planning and heritage requirements, particularly for older buildings and premises located within conservation areas. Obtaining permissions for retrofit works can be time-consuming, costly and uncertain, particularly where buildings are listed or contain a combination of residential and commercial uses.

**Question 10: How could the Warm Homes Fund address these gaps with repayable finance where the government makes a return?**

29. Propertymark thinks the Warm Homes Fund could play an important role in addressing existing gaps in retrofit finance by providing flexible, accessible and long-term repayable finance solutions that reflect the realities of the property market whilst also enabling government to secure a financial return over time.
30. A key priority should be the development of low-interest or government-backed loan products targeted at smaller landlords, small businesses, mixed-use building owners and community organisations who may struggle to access affordable private finance. Many existing commercial lending products remain unsuitable due to high upfront costs, short repayment periods or restrictive lending criteria. Government-backed finance could help reduce lender risk, lower borrowing costs and encourage greater market participation.
31. Repayable finance products should be designed with sufficient flexibility to reflect the differing characteristics of domestic, non-domestic and mixed-use buildings. Retrofit projects in older or more complex buildings can involve substantial costs and long payback periods, particularly where improvements are required to building fabric, insulation or heating systems. Longer repayment terms and competitive interest rates would therefore be essential to make investment financially viable and attractive.



32. Propertymark also thinks there is scope for the Warm Homes Fund to support further advance products and green mortgages linked specifically to retrofit activity. These products could enable property owners to borrow against the future value and efficiency improvements of their assets whilst allowing government to generate returns through interest payments or co-investment structures.
33. For mixed-use buildings and leasehold arrangements, innovative finance mechanisms may be required to address fragmented ownership structures and split incentives between landlords, leaseholders and occupiers. Government could explore models where repayment obligations are linked to the property rather than solely to an individual owner, helping to support longer-term investment and reducing barriers where ownership changes occur.
34. Alongside financial support, there is also a need for greater certainty within the wider policy and regulatory environment. Continued uncertainty regarding future minimum energy efficiency standards for non-domestic properties has undermined confidence to invest. Investors and property owners require a clear and stable regulatory framework to support long-term borrowing decisions and encourage early action.
35. We also draw caution against introducing further regulatory interventions which could inadvertently reduce investment capacity within the property sector at a time when substantial retrofit expenditure is required. In particular, proposals within the English Devolution and Community Empowerment Act 2026 to restrict or ban upward-only rent review clauses in commercial leases risk creating additional uncertainty for investors and landlords.<sup>8</sup> Rental income provides the financial basis upon which many property owners secure borrowing and fund capital improvements, including retrofit works and energy efficiency upgrades. Measures which reduce confidence in future income streams may limit willingness or ability to invest in low carbon technologies, particularly within smaller commercial and mixed-use properties.
36. The Fund should therefore seek to work alongside a stable and proportionate regulatory environment which supports investment, rather than creating additional financial uncertainty. Government-backed finance mechanisms are likely to be most effective where there is confidence in future regulatory requirements, predictable income streams and a clear long-term direction of travel for the property market.
37. We also think that technical support and trusted advice should form part of any repayable finance offer. Many smaller property owners and businesses lack the expertise to identify suitable retrofit measures, understand available finance options or assess long-term returns on investment. Providing integrated advice and support alongside financial products would help increase uptake and improve confidence in retrofit projects. This support could be provided by local authorities similar to that suggested for domestic decarbonisation.

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<sup>8</sup> <https://bills.parliament.uk/bills/4002>



38. Overall, the Warm Homes Fund has the potential to unlock significant private investment into low carbon technologies if it is designed to reflect the complexity of the property sector, provide long-term certainty and ensure finance products remain practical and accessible for a diverse range of property owners and occupiers.

**Question 11: Should government focus non-domestic funding on one or more of the following groups: A) Voluntary, Community, Social Enterprise Sector (VCSEs) B) Small and Medium Enterprises (SMEs) C) Hospitality and Retail Sector D) Other non-domestic sectors**

39. We think UK Government funding through the Warm Homes Fund should primarily focus on Small and Medium Enterprises (SMEs) and the hospitality and retail sector, as these groups often face the greatest barriers to investing in low carbon technologies and energy efficiency improvements. We think this for three reasons. Firstly, many SMEs operate from older, energy inefficient buildings and lack the financial resources, borrowing capacity and technical expertise needed to undertake retrofit projects. High upfront costs, combined with wider economic pressures and rising energy bills, mean many smaller businesses are unable to invest without targeted government support. Secondly, there is a strong case for prioritising the hospitality and retail sector. These businesses are vital to the sustainability and economic success of UK high streets and town centres, yet many operate from older mixed-use or traditionally constructed buildings that can be costly and complex to retrofit. Independent retailers, cafés, restaurants and hospitality businesses are particularly exposed to rising energy costs whilst often lacking access to suitable finance products. Thirdly, targeted support for SMEs and the hospitality and retail sector would help reduce energy costs, improve business resilience, support local economic growth and encourage retrofit activity that may not otherwise take place.

### Eligibility

**Question 12: Do you agree with the proposed list of groups that the Warm Homes Fund may support and are there any other groups which should be supported?**

40. We broadly agree with the proposed eligibility approach in relation to homeowners and landlords. These groups are central to improving the energy efficiency of the housing stock and are key to delivering warm, safe and affordable homes across the private and social rented sectors as well as owner-occupied housing. We would emphasise the importance of ensuring that both landlords and homeowners have equitable access to support, particularly where properties are older, harder to treat or occupied by lower income households. For landlords, it is also important that any support is designed in a way that recognises the constraints of the private rented sector and encourages compliance with energy efficiency improvements without discouraging continued investment in the rental market.

**Question 13: How do you think the Warm Homes Fund could best support owner occupiers to invest in home upgrades?**

41. In order for the Warm Homes Fund to best support owner occupiers to invest in home upgrades the UK Government must initially recognise that the owner-occupied sector is very diverse and a one-size-fits-all approach is not the most effective and deliverable policy for existing homes. There are two main factors to take into account; age of housing and cost of improvements, these two factors tend to go hand in hand. As outlined by the Office for National Statistics (ONS) the “age of a property is the most significant factor associated with energy efficiency, ahead of fuel type and property type.”<sup>9</sup> Owner occupied also constitutes the largest tenure of housing, in England there were around 16.2 million owner occupied households in 2025,<sup>10</sup> as well as the oldest tenure with the vast majority built before 1980 and the largest share built before 1919. England and Wales have the oldest housing stock in Europe.
42. Where properties are older, they are more difficult and, therefore, more expensive to improve to a higher energy efficiency standard. “In 2024, the estimated average cost to improve dwellings to at least an energy efficiency band C was £7,480 across all tenures, with owner occupied dwellings costing the most and social rented homes costing the least.”<sup>11</sup> Therefore, the Warm Homes Fund should focus on how older properties can be improved, without making an impact on value of an older property, there is little incentive to owner occupiers to make improvements, especially if they have a particularly older property if it will devalue or not increase the saleability or aesthetic appeal of the property. Owner occupiers will make changes to their property where they can see a return on their investment either through an increase in value of the property as a whole or where it saves on heating and energy bills. As a result, the Warm Homes Fund should provide effective improvements which are tailored to the individual property, for example a pre-1919 terrace house will not require the same measures as a 1970’s detached bungalow, each will have their own energy efficiency issues dictated by their design and construction but will require completely different solutions.

**Question 14: How are financial institutions currently using EPCs to inform their financial products, and are there any other implications of the use of EPCs for financial product that we should consider?**

43. We are aware of green mortgages that can be an effective tool for the market to assist in funding energy efficiency measures and increase affordability and appeal of improving

<sup>9</sup> ONS, Age of the property is the biggest single factor in energy efficiency of homes, 6 January 2022, <https://www.ons.gov.uk/peoplepopulationandcommunity/housing/articles/ageofthepropertyisthebiggestsinglefactorinenergyefficiencyofhomes/2021-11-01>

<sup>10</sup> Statista Research Department, Age of housing units in England in 2025, by tenure, 27 January 2026, [https://www.statista.com/statistics/292252/age-of-housing-dwellings-in-england-uk-by-tenure/?srsltid=AfmBOopnPoVU621NYRn7Bzo06xnv3GauZjyLfitEMO-t9af4fTn\\_XzRo](https://www.statista.com/statistics/292252/age-of-housing-dwellings-in-england-uk-by-tenure/?srsltid=AfmBOopnPoVU621NYRn7Bzo06xnv3GauZjyLfitEMO-t9af4fTn_XzRo)

<sup>11</sup> English Housing Survey 2024 to 2025, 29 January 2026, <https://www.gov.uk/government/collections/english-housing-survey-2024-to-2025-headline-findings-on-housing-quality-and-energy-efficiency>



properties. However, there is a lack of information, knowledge and access to this type of funding. Currently, not all lenders offer the option for a green mortgage and they do not always turn out to be the cheapest deal on the market, giving homeowners less flexibility and disincentivises their use. There are two main models for a green mortgage, one that offers a lower interest rate or cash incentive to properties which meet a minimum energy efficiency standard or one which offers a discounted interest rate to carry out improvements. Lenders find more energy efficient properties less of a risk as they may hold their value and are more likely to appeal to buyers in the future as energy costs rise and increased consumer awareness of reducing carbon output.

44. Yes, there are implications from the use of EPCs for financial products that should be considered. For instance, using EPCs as a metric to determine viability for this type of financial product presents certain risks to homeowners. Owners may find that they are trapped with their current mortgage provider because they are not able to get an alternative offer, or they may find that they cannot sell because the property does not meet the desired rating for a buyers' mortgage offer. This is particularly true of older, more difficult to improve properties. This also risks hitting the poorest households the hardest where they are unable to afford improvements to their property or live in older accommodation which is more costly and difficult to improve. Rightmove found that "50% of properties valued over £1 million have significantly improved their rating since their last EPC, compared to only 32% of properties valued under £400,000."<sup>12</sup>
45. To this end, the UK Government and lenders should consider options to extend the scope of green mortgages and equity loans to give greater flexibility to buyers and homeowners as well as incentivising improvements which ultimately bring value to the property. For example, where a property does not currently reach a desired rating on the EPC metric, an assessment could determine that the property could be improved as much as possible and give the homeowner the opportunity to use the lender's deal. Consumer education and awareness also need to be addressed, with many people remortgaging and buyers not being aware of green mortgages as an option.

**Question 15: How could the loans scheme be designed to encourage new products or entrants into the market?**

46. We would be very happy for DESNZ to engage with our membership to explore this further.

**Question 16: What loan attributes (e.g. lower interest rates, stronger consumer protection, an easier customer journey, more innovative finance products) would be most valuable to expand in the market?**

47. We think there are three loan attributes that would be most valuable to expand in the market:

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<sup>12</sup> Rightmove, Greener Homes Report 2024, <https://www.rightmove.co.uk/guides/energy-efficiency/greener-homes-reports/greener-homes-report-2024/>



- **Firstly, it is imperative that loan schemes are inclusive to ensure that they reach the widest possible audience in the market.** As mentioned above in regards to green mortgages, those in the poorest households are least likely to benefit from the schemes because of the age or composition of their property and the lack of initial funds to start improvements. Therefore, there should be no initial outlay for homeowners to take out financial products, i.e. match funding, this could price out potential consumers.
- **Secondly, low interest rates and longer payback terms would be beneficial for this type of financial offer.** Most energy efficiency measures have long lifespans, such as loft insulation, which typically lasts over 40 years<sup>13</sup> and uPVC double glazing which should last a minimum of 20 years<sup>14</sup> whereas gas boilers are often replaced every 10 – 15 years. However, energy efficiency measures often have long payback periods, with consumers not seeing the financial benefit of the initial installation until further in the future. In Propertymark’s 2024 report, Making UK Property Energy Efficient, we found that 66% of sales agents reported that energy efficiency improvements do not add more value to a property than they cost to install.<sup>15</sup> This is important because it discourages homeowners from making investment in their property where they will not see immediate or short-term gain in property value or payback from the installation. Financial incentives, should therefore be more accessible to consumers, adequately cover the cost of the installation rather than only part of the cost and have the ability for the cost to be offset against rental income or capital gains tax to support homeowners and landlords to take action.
- **Thirdly, loan schemes must also be adaptable, just as customers have different financial needs properties are also unique, and this should be taken into account in the availability of financial assistance.** For example, there should be options for communal upgrades to properties which could be used for improvements to entire blocks of flats or for multiple properties on a street such as terrace housing. This type of housing often shares walls, utility connections and boundaries. Communal finance schemes can often be legally complex so opening up a simple to join scheme for multiple households would be a huge benefit, it would also incentivise landlords who own multiple properties on the same street or block.

**Question 17: Would Property Linked Finance (PLF) support the draft Warm Homes Fund aims, when could benefits be realised, and what risks need to be considered? Please give evidence to support your answer.**

<sup>13</sup> USwitch, Which home energy improvements actually save you money?, 21 October 2025, <https://www.uswitch.com/gas-electricity/guides/which-home-improvements-actually-work/>

<sup>14</sup> Everest, How long does double glazing last? <https://www.everest.co.uk/windows/double-glazed-windows/how-long-does-double-glazing-last/>

<sup>15</sup> Propertymark, Making UK Property Energy Efficient, September 2024, <https://www.propertymark.co.uk/static/f14a60f3-21be-4836-a0377b8e3a1f9a8b/Making-UK-property-energy-efficient.pdf>



48. We think Property Linked Finance (PLF) has both positive and negative qualities that can support the draft Warm Homes Fund aims. On the positive side, it is likely to increase uptake in expensive energy efficiency measures, and it could benefit those who cannot access or afford loans or green mortgages. Furthermore, PLF presents a good opportunity to overcome some of the barriers to other financial measures mentioned above, it could benefit those who cannot afford upfront costs, could not qualify for a loan or live in particularly old or low efficiency housing.
49. Further consideration is needed on the fact that PLF will likely have a negative effect on the saleability of the property and disadvantage those whose only option is to take this type of funding. PLF would likely increase installation of larger, more expensive energy improvement measures such as solar PV, batteries and heat pumps. These large ticket items can sometimes be prohibitively expensive, particularly for lower income households where the benefit of lower energy bills is most needed. Additionally, a risk to be considered is that PLF could present an additional burden on those who take this financial option when it comes to selling the property which is likely to disproportionately affect lower income households. This type of incentive may cause issues and delays when selling due to the tie on the property as well as potential additional legal costs. Furthermore, PLF may decrease the value of the property, thus negating the benefit of having the finance attached to the property rather than as an interest free loan for example, which would not impact on the ultimate value of the property.

**Question 18: Is there a need for finance here, and what are the barriers that prevent the private sector from filling it?**

50. Yes, we do strongly think there is a need for finance in this area. A wide range of financial options is important, in order to give availability of choice to consumers. Therefore, this type of finance could be beneficial to the market. However, as outlined in question 17, there are positive issues to PLF but also wider considerations and risks which need to be taken into account. The considerations and risks likely outweigh the benefits which could be picked up in a low interest loan scheme, better green mortgage options and grants for lower income households.
51. The private sector is unlikely to pick up the PLF model as it presents a risk on investment where it becomes a barrier to resale of a property, could cause delays to sales and more complications leading to greater risk of fall-throughs
52. It should also be noted that this model would constitute a cost to government to maintain, where the consultation document suggests a Land Charges type approach this would be costly to run and would require updated systems technology and increased resources.

**Question 19: How could government finance address this gap with repayable finance where government earns a return? Where possible, please describe how this model could work.**



53. Financial models such as an equity scheme where the government takes a return on the value of the property can also present issues. The intention of an equity scheme would be to incentivise investment while recuperating costs through a percentage of the value of the property, similar to the Help to Buy equity loan scheme, which ran from April 2013 until October 2022. However, there are flaws with the scheme which could negatively impact the housing market. Help to Buy was widely criticised for inflating house prices and destabilising the market through increased availability of high loan-to-value mortgages, furthermore repayment terms meant that some borrowers found they suddenly had high bills after the initial five year interest free period was up. The UK Government should learn from the effects of this scheme in considering financing options. Any scheme that relies on the repayment being conditional on the property value is innately risky as house prices naturally rise and fall and in some instances, properties will be in negative equity at the point of sale.

**Question 20: What are the wider policy barriers that may need to be overcome to realise the benefits from PLF? Please consider any specific areas of law, regulation or other policy which may need to change. Please also consider barriers that could limit take-up, and whether this might vary depending on whether the model was administered by a local authority, a green bank or other lender, a financial regulator, or a third party.**

54. We do not have anything further to add.

**Question 21: What barriers and opportunities do private landlords encounter when accessing loans or investing in warm homes upgrades for their properties and how could the Warm Homes Fund help them overcome these barriers?**

55. As outlined in the consultation document, there are a number of barriers to landlords investing in energy efficiency upgrades for their properties. These can be summarised into three points; firstly, there is no return on outlay for landlords, secondly, availability of funding is usually based on tenant circumstances rather than the property owner's and thirdly, affordability of doing the upgrades.

- **No return on outlay for landlords** - the dynamics of a landlord-owned property are fundamentally different to that of an owner-occupied property, in the most part because the landlord does not live in the property and therefore see any direct return on investment. This does not mean that landlords do not invest in their properties, they will maintain a decent housing standard and update décor, bathrooms and kitchens when required to ensure that the property remains attractive to tenants and they continue to offer a good service in return for rental payment. However, introducing energy efficiency measures usually incur an expensive initial outlay for little reward. A landlord does not directly see benefit as an owner occupier would in terms of reduced energy bills, but in addition to this, Propertymark members tell us that energy efficiency measures do not present higher rental returns or increased interest in a property, although this picture is improving as energy bills rise and public awareness of green technology increases.

There is no evidence to suggest that installing energy efficiency measures reduces void times or increases the number of applications for a property.

- **Availability of funding** - most incentive schemes are based on the financial circumstances of the tenant. Tenant income should be taken into account as lower income tenants should be given support to access cheaper energy bills and energy saving technologies. However, incentive schemes should also include landlords who do not have significant incomes, actual rental yields on properties are very low and after taking into account tax, repairs, maintenance and management fees. Furthermore, landlords often do not return a large profit and would struggle to make a large outgoing investment. This is particularly true of landlords who only have one or two properties, they may have inherited the property, and it may not be their main source of income. In England, 45% of landlords own one rental property<sup>16</sup> and in Wales, 70% of landlords own just one property.<sup>17</sup>
- **Affordability of doing the upgrades** - landlords who have multiple properties would have to implement these changes across their portfolios, which could become very expensive. The English Housing Survey estimated the average cost to improve dwellings across all tenures to an EPC band C was £7,480, if a landlord has 10 properties this is an average spend of nearly £75,000. Loans and grant schemes should include options for these landlords so they can invest across all their properties without incurring repeated costs and resources in applying for schemes per property. This would encourage more investment in the sector and would reduce an imbalance of implementation where only certain tenants benefit from these schemes.

**Question 22: What are the barriers that affect the ability for social housing providers to invest in warm homes upgrades? And how could the Warm Homes Fund support?**

56. This question is outside the remit of Propertymark.

**Question 23: What risks or unintended impacts should government consider if using public finance to incentivise above-minimum warm homes standards in new-build social and affordable housing?**

57. These questions are outside the remit of our organisation.

**Question 24: Would revenue and savings sharing models support the draft Warm Homes Fund aims, when could benefits be realised, and what risks need to be considered? Please give evidence to support your answer.**

58. Revenue sharing agreements present a more favourable option to landlords who see little to no return on investment in their properties. As outlined above, landlords do not receive

<sup>16</sup> <https://www.gov.uk/government/statistics/english-private-landlord-survey-2024-main-report/english-private-landlord-survey-2024-main-report>

<sup>17</sup> <https://rentsmart.gov.wales/en/statistics/>



an income or reduced bills (unless bills are included in the rent which is not the norm in the PRS) which means there is little incentive to install energy efficiency measures at a large initial outlay. Revenue sharing agreements could allow landlords to recuperate some costs while also benefiting tenants with reduced bills and warmer homes.

**Question 25: Is there a need for finance here, and what are the barriers that prevent the private sector from filling it?**

59. Yes, we think the UK Government should explore finance for this area.

**Question 26: How could government finance address this gap for revenue and savings sharing schemes, with repayable finance where government earns a return? Where possible, please describe how this model could work.**

60. In answer to questions 25 and 26, there is a gap in the availability of these types of schemes. Electricity is provided by the private sector, so creating schemes within existing tariff set ups would likely be most

**Question 27: What are the wider policy barriers that may need to be overcome to realise the benefits from revenue and savings sharing schemes? Please consider any specific areas of law, regulation or other policy which may need to change.**

61. This is outside the remit of Propertymark.

**Question 28: Are there differences in Housing Association property ownership structures (i.e. direct development, partnerships or joint ventures) or any other factors that would affect the ability of those social housing owners to take on a loan?**

62. This is outside the remit of Propertymark.

**Local Government**

**Question 29: Would area-based investment funds support the draft Warm Homes Fund aims, when could benefits be realised, and what risks need to be considered?**

**Please give evidence to support your answer. Please specifically consider:**

- **How it could increase solar, battery and heat pump deployment into domestic, community and small business settings and reduce energy bills for consumers.**
- **The potential risks and unintended consequences for consumers, government and industry.**

63. As long as the policy is consistent we think that area-based investment funds could support the aims of the Warm Homes Fund, particularly where delivery is organised on a regional basis. We think this for two reasons:



- **Firstly, a regional approach is a good fit as it enables local authorities and strategic authorities to collaborate, pool expertise and achieve economies of scale that would be more difficult to realise through individual local schemes.** This type of structure can also help to address capacity constraints, as many local authorities do not have sufficient internal resource, particularly in terms of specialist personnel, to design and manage complex funding programmes effectively on their own.
- **Secondly, by working collaboratively at a regional level, delivery can be more efficiently managed, with shared administrative functions and more consistent approaches to procurement, delivery standards and engagement with installers and supply chains.** This can help accelerate deployment of measures such as heat pumps, solar panels and battery storage across domestic, community and small business settings, while also supporting more coordinated area based retrofit programmes that can reduce overall costs and improve consumer outcomes. We are aware that some local authorities have not had the resources to individually administer the Eco Flex scheme so taking a regional approach would reduce these barriers.

64. To ensure consistency, careful consideration must be given to risks, including the potential for uneven delivery across regions, complexity in governance structures, and the possibility that consumers may face inconsistent access to support depending on where they live. There is also a risk that overly complex funding arrangements could slow down delivery if not designed with clear accountability and streamlined processes. It will therefore be important that any regional model is supported by clear guidance, adequate oversight and sufficient flexibility to respond to local housing needs and market conditions.

**Question 30: Is there a need for finance here, and what are the barriers that prevent the private sector from filling it?**

65. Yes, we think that there is a need for targeted finance, as the private sector alone is unlikely to fully bridge the gap in delivering home energy efficiency and low carbon measures at scale. The key barriers include the fragmented nature of the housing stock, which increases costs and reduces economies of scale, and the long payback periods associated with many retrofit measures, which can deter private investors. There is also uncertainty around policy, energy prices and consumer demand, which affects investment confidence. For homeowners and landlords, affordability and willingness to take on additional borrowing can limit uptake, while in the private rented sector split incentives between landlords and tenants further reduce market-led investment. For these reasons, we would support a role for public or blended finance to complement private sector activity where necessary.

**Question 31: How could government finance address this gap with repayable finance where government earns a return? Where possible, please describe how this model could work. Please**

**also consider whether financing for retrofit could be meaningfully combined with existing local investment funds.**

66. We think that the UK government could address this gap through repayable finance models, such as low-cost government backed loans delivered via local or regional investment funds. Repayments could be linked to energy bill savings or secured against the property, allowing capital to be recycled into further retrofit activity. This approach would work well alongside existing local investment funds, which already have delivery structures and local knowledge. In turn the UK Government could provide cheaper, longer-term capital while local funds identify and manage projects on the ground. This approach would help unlock private investment, reduce upfront costs for consumers, and ensure public money is reused, although strong governance and risk controls would be essential.

**Question 32: What are the wider policy barriers that may need to be overcome to realise the benefits of local investment funds? Please consider any specific areas of law, regulation or other policy which may need to change.**

67. We think that several wider policy barriers may need to be addressed to fully realise the benefits of local investment funds. These include regulatory constraints around local authority borrowing and investment powers, which can limit flexibility, as well as state aid and subsidy control rules that may affect how funds are structured and deployed. Planning and building regulation processes can also slow delivery of retrofit measures, alongside inconsistencies in energy efficiency standards across tenures. In addition, greater policy alignment is needed between housing, energy and net zero objectives to ensure consistent delivery frameworks and reduce complexity for local delivery bodies.

**Question 33: Would blended financing support draft Warm Homes Fund aims, when could benefits be realised, and what risks need to be considered? Please give evidence to support your answer.**

68. Yes, we think blended finance would support the aims, building on the need for public capital to crowd in private investment as set out above, with benefits dependent on scale and governance, alongside risks around complexity and delivery consistency.

**Question 34: Is there a need for finance here, and what are the barriers that prevent the private sector from filling it?**

69. Yes, as per our previous response we think finance is needed as the private sector alone is constrained by fragmented stock, long paybacks and uncertainty, as noted earlier.

**Question 35: How could government finance address this gap with repayable finance where government earns a return? Where possible, please describe how this model could work.**

70. We think the UK Government repayable finance could be delivered through low-cost loans via regional funds, recycling repayments into further retrofit, as previously described.

**Question 36: What are the wider policy barriers that may need to be overcome to realise the benefits of blended finance? Please consider any specific areas of law, regulation or other policy which may need to change.**

71. Wider barriers include regulatory constraints, planning and subsidy control issues, and policy fragmentation between housing and energy, as referenced above.

### **Energy market participants**

72. Questions 37 to 48 are outside the remit of PropertyMark. Therefore, we have not responded to these questions.

### **Manufacturing, supply chain and skills**

**Question 49: How could bulk purchasing support the draft Warm Homes Fund aims, when could benefits be realised, and what risks need to be considered? Please give evidence to support your answer.**

73. We think bulk purchasing could support the Warm Homes Fund aims by reducing unit costs for technologies such as heat pumps, solar panels and batteries through economies of scale, helping to accelerate deployment and reduce costs for consumers. It could also support more stable demand signals for manufacturers and installers, which would assist supply chain growth. However, we note risks including the practical challenges of storage and distribution, potential product obsolescence if technology evolves quickly, and the need to ensure procurement aligns with actual installation capacity so that stock is not held unnecessarily or inefficiently.

**Question 50: Is there a need for finance here, and what are the barriers that prevent the private sector from filling it?**

74. Yes, we think there is a clear need for finance, as upfront costs remain a significant barrier to uptake of low carbon technologies. The private sector alone is unlikely to bridge this gap due to fragmented demand, long payback periods and uncertainty over consumer uptake. This is particularly relevant in the context of uneven local delivery capacity, which reinforces the importance of coordinated mechanisms such as local authority led “one stop shop” models to aggregate demand and improve investment which we have outlined in our Localis report Lagging behind.

**Question 51: How could government finance address this gap with repayable finance where government earns a return? Where possible, please describe how this model could work.**



75. We think repayable finance provided by the UK Government could be used to support bulk procurement frameworks or central purchasing hubs, potentially delivered through regional or local delivery bodies. These could act as one stop shops that aggregate demand from households, landlords and small businesses, enabling lower unit costs and more efficient deployment. Repayments could be structured through installer payments, supply chain arrangements or end user financing, with funds recycled into further rounds of procurement to maintain momentum and scale.

**Question 52: What are the wider policy barriers that may need to be overcome to realise the benefits of bulk purchasing? Please consider any specific areas of law, regulation or other policy which may need to change.**

76. We think the wider policy barriers could include procurement and public finance rules, fragmented delivery structures, and variability in local authority capacity, which can limit the effectiveness of coordinated purchasing. There are also regulatory constraints across housing, energy and product standards that can slow deployment or create inconsistency. Strengthening alignment between national policy and local delivery structures, including one stop shop models, would help address these issues and improve scalability.

**Question 53: How could equity investment support the draft Warm Homes Fund aims, when could benefits be realised, and what risks need to be considered? Please give evidence to support your answer.**

77. We think equity investment could play an important role in supporting UK manufacturing capacity and scaling innovative low carbon technology firms where private finance is not readily available. We think the benefits would likely be realised in the medium term as companies expand production and bring new technologies to market, supporting installation rates and reducing costs over time. However, careful consideration is needed around governance and ensuring investments complement rather than crowd out private capital.

**Question 54: Is there a need for finance here, and what are the barriers that prevent the private sector from filling it?**

78. Yes, we think there is a clear financing gap for early stage and scaling companies, particularly those developing heat pumps, batteries and other emerging technologies. These firms often face difficulty accessing private capital due to higher risk profiles, longer development timelines and uncertainty in market demand. Equity investment from the UK Government could help bridge this gap, particularly where firms are transitioning from innovation to large scale commercial deployment.

**Question 55: How could government finance address this gap with equity where government earns a return? Where possible, please describe how this model could work.**

79. We think UK Government equity investment could be deployed alongside private capital to support scaling companies and strengthen UK supply chains, complementing existing



initiatives such as the Heat Pump Investment Accelerator. This could be delivered through co investment structures or public investment vehicles, with returns reinvested into the Warm Homes Fund to create a recycling capital model that supports ongoing investment.

**Question 56: What are the wider policy barriers that may need to be overcome to realise the benefits of equity investment? Please consider any specific areas of law, regulation or other policy which may need to change.**

80. We think the wider barriers include regulatory uncertainty, fragmented policy delivery and limited coordination between national programmes and local delivery structures. The Propertymark commissioned report from Localis, *Lagging Behind*, highlights the importance of stronger place-based coordination, particularly through local authority led one stop shop models, which could improve consumer and landlord engagement, streamline delivery and better align finance, skills and installation capacity.

**Question 57: How could loans for skills and training support the draft Warm Homes Fund aims, when could benefits be realised, and what risks need to be considered? Please give evidence to support your answer.**

81. We think that loans for skills and training could help scale retrofit capacity by supporting training providers and employers to expand provision in line with expected demand. We think the benefits could be realised in the medium term as trained workers enter the labour market, particularly if provision is aligned with local retrofit programmes and employer demand. However, there is a risk that individuals may be deterred by debt, and care would be needed to ensure strong links between training and guaranteed employment outcomes. This could also improve the provision of local skills in regions where supply is limited especially in rural areas.

**Question 58: Is there a need for finance here, and what are the barriers that prevent the private sector from filling it?**

82. Yes, we think there is a strong need for finance as the private sector often underinvests in training due to cost pressures and uncertainty over future demand. We also think that smaller contractors in particular may lack the capacity to fund structured training at the scale required, which creates a barrier to workforce expansion.

**Question 59: How could government finance address this gap with repayable finance where government earns a return? Where possible, please describe how this model could work.**

83. We think UK Government repayable finance could be delivered through low-interest training loans to providers, employers or trainees, with repayment linked to sustained employment in the sector. This could be administered through regional delivery bodies and local authorities collaborating together in producing retrofit hubs to ensure alignment

with actual labour market demand, with repayments recycled into further training investment.

**Question 60: What are the wider policy barriers that may need to be overcome to realise the benefits of skills loans? Please consider any specific areas of law, regulation or other policy which may need to change.**

84. We think wider barriers include the lack of coordination between training provision and retrofit delivery pipelines, regulatory complexity in education and skills funding, and limited employer engagement in structured training routes. We think that stronger integration between national skills policy and local delivery models would be needed, alongside clearer pathways between training, accreditation and guaranteed employment opportunities in the retrofit sector.

### **Heat Networks**

**Question 61: How could the Warm Homes Fund support the market growth of heat networks as set out in the Warm Homes Plan?**

85. We think that the Warm Homes Fund could play a supportive role in accelerating the growth of heat networks, particularly where it helps to reduce barriers to connection and improves investor and developer confidence. A key factor in improving uptake will be ensuring that consumers, landlords and property professionals have clear, consistent and trusted information about how heat networks operate, their costs, and the implications for occupiers and building management.
86. In this context, stronger engagement with the property sector is essential including agents who manage both domestic and non-domestic property. Residential and commercial agents are often the first point of contact for landlords, buyers and tenants, and therefore have a key role in explaining obligations, facilitating informed decisions and supporting smooth transitions where properties are required to connect to heat networks. We would therefore welcome closer collaboration between government and the property sector to ensure consistent messaging, practical guidance and appropriate training for agents.
87. Finally, we think that the Warm Homes Fund could also support market growth by helping to de-risk early-stage infrastructure investment, supporting connection costs for buildings, and improving performance standards in existing networks, all of which would increase confidence in the sector. However, success will depend on effective coordination between national policy, local zoning bodies and those responsible for day-to-day property transactions and management.

**Question 62: Would investment in heat networks – whether for connection costs, compliance with heat network technical assurance scheme requirements, capital support – contribute to the draft Warm Homes Fund aims? When could benefits be realised, and what risks or unintended consequences should be considered? Please give evidence to support your answer.**



88. We think investment from the Heat Network Catalytic Fund could help meet the draft Warm Homes Fund aims by speeding up the decarbonisation of commercial buildings and cutting energy bills for business occupiers. In the commercial sector, the main barrier to using heat networks is the high upfront cost of changing systems and connecting to the network. By using Warm Homes Fund money to help finance heat networks, this setup lowers the total cost of borrowing. This allows network developers to pass savings on to commercial landlords and small businesses through cheaper connection fees and lower energy prices.
89. The biggest impact from this funding would be seen in expanding and upgrading existing heat networks in established business areas. While new commercial buildings can easily plan for these networks, updating older commercial properties brings unique risks and building disruption. Financial support that takes on these early risks will open up private investment. This helps networks secure large business tenants, which then makes it easier and more viable to connect smaller neighbouring businesses.
90. However, important risks and unexpected outcomes must be managed. For business customers, the fact that a heat network is the only supplier creates a risk of price volatility if the savings from finance are not clearly passed down into final bills. Long-term heat contracts can also make commercial lease negotiations harder, as tenants usually prefer the freedom to change suppliers. There is also a risk of upsetting the market if the funding mostly goes to low-risk, large corporate developments. This would leave older high streets and smaller business parks without the support they need to modernise.
91. We think the benefits would be seen in the medium term as building work and network expansions begin. To protect landlords of commercial property and to encourage them to engage, this new system must be designed alongside clear rules that fit the specific leasing and daily running of the commercial property market.

**Question 63: Is there a need for finance here, and what are the barriers that prevent the private sector from filling it?**

92. Yes, we think there is a clear need for finance in this area. There is a clear gap in the market for this funding because private lenders are reluctant to finance commercial heat networks on their own. The main barriers preventing private investment from filling this gap involve high risk, long payback times, and commercial leasing structures.
93. Commercial heat networks carry high development risks because they rely heavily on a few large local businesses signing up as anchor customers. If a key business closes or moves away, the network loses its main source of income. Private lenders see this danger as too high for standard commercial financing. We have identified another barrier in the difference between the long timelines of these energy projects and the shorter cycles of the commercial property market. Heat networks require massive upfront spending that takes decades to pay back. However, commercial property investors usually look for much



faster returns, which creates a funding gap that traditional finance cannot bridge. The way commercial leases are structured also stops private cash from flowing into these upgrades. Landlords must pay the high initial costs to connect a building, but it is the tenants who benefit from the lower energy bills. Because landlords cannot easily recover those upfront costs from tenants under standard British lease agreements, they have little reason to borrow from private banks to do the work. Finally, the lack of historical data on how commercial heat networks perform financially will banks cautious in funding. At this early stage, without a long track record of returns, lenders either price their loans at very high interest rates or refuse to lend at all, which is why public backing is needed to take on the initial risk.

**Question 64: How could government finance address this gap with repayable finance where government earns a return? Where possible, please describe how this model could work. Please specifically consider what wider loan or equity-based interventions, if any, are already available to help in accelerating heat network projects; and what impact Warm Homes Fund investment would have on market growth.**

94. We have already addressed this question in our previous response and do not have anything further to add.

**Question 65: What are the wider policy barriers that may need to be overcome to realise the benefits from the outlined investments into heat networks? Please consider any specific areas of law, regulation or other policy which may need to change.**

95. We think the most critical policy barrier to unlocking investment in the commercial heat network sector is the continued lack of clarity regarding the future trajectory of the non-domestic Minimum Energy Efficiency Standards. While the government has recently progressed domestic rental standards, the formal response to the long-awaited consultation on non-domestic standards remains outstanding. Commercial landlords and institutional investors are operating in a policy vacuum without a confirmed legislative timeline or absolute certainty on whether the minimum target will officially rise to an Energy Performance Certificate rating of B by 2030 or be pushed back to 2035. Without this clear regulatory baseline, property owners cannot accurately calculate the financial risk of inaction versus the long-term benefit of connecting to a heat network. This policy drift directly stalls the pipeline of retrofits because landlords are hesitant to commit to major capital expenditure when the final compliance goalposts have not been legally set.

96. Additionally, proposed reform of Energy Performance Certificates also creates a barrier to choosing heat networks. For business properties, the certificate is based on a single carbon emissions score rather than how much energy the building actually uses day to day. This means that doing the necessary work to upgrade a building or connect it to a low-carbon heat network might not actually improve its official rating significantly. To make sure that government funding truly helps landlords meet their legal targets, the

system needs an upgrade so it properly rewards buildings that connect to efficient shared heating networks.

**Community energy and buildings**

97. Community buildings are outside the remit of Propertymark. Accordingly we have not responded to questions 66 to 69.

**Other cases studies.**

**Question 70: What other potential use cases are there for the Warm Homes Fund? Please provide details of how these might work, and evidence to support your suggestion.**

98. We do not have any further points or comments to add. However, we would be delighted to further engage with DESNZ including engagement with property agent members.