propertymark

Autumn Budget and Spending Review 2021

Propertymark representations to HM Treasury

Background

1. Propertymark is the leading professional body for estate and letting agents, commercial agents, inventory providers, auctioneers and valuers, comprising almost 18,000 members across the UK. We are member-led, with a Board which is made up of practising 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.

Representation

The property industry is uniquely placed to support the levelling up of our country and communities as we build back better from the devastating social and economic impact of the coronavirus pandemic. The industry can also make a significant contribution to the UK Government's ambitions for decarbonisation. To help create the conditions to unlock this potential, we have called on the Chancellor to make vital commitments in this Autumn Budget and Spending Review to:

- Review Stamp Duty Land Tax.
- Develop a private renting sustainment and support programme.
- Adequately resource and reform the existing courts system.
- Support homeowners and landlords to make energy efficiency improvements to their properties.

Review Stamp Duty Land Tax

The likely effectiveness, deliverability and value for money of proposals

2. Following the reduced rates of Stamp Duty Land Tax (SDLT) to support the economy during the pandemic, the UK Government must use the Spending Review and Autumn Budget 2021 to review the impact and set out a roadmap for potential reform. A review would assess the impact of the recent temporary reductions in SDLT rates, current basic and higher rates and first-time buyer relief on factors including sales and rental market activity, housing affordability, tax receipts and related economic expenditure. Options to amend the rates and thresholds would be explored so they better reflect local markets and prevent blockages in the middle to higher end of the market, including how the tax could improve quality and maximise existing supply in areas supported by the UK Government's £4.8 billion Levelling Up Fund. In doing so, the tax's objectives could be extended to include raising revenue; promoting home ownership; sustaining investment in the private rented sector; and promoting right-sizing within the existing housing stock.

3. The recent temporary reduction in SDLT rates provides a singular opportunity for the UK Government to analyse the impact of the tax, and a review of the current system would provide the UK Government with the evidence and understanding to reform it. A range of opportunities for innovation could be explored, such as how the tax could be levied to minimise the restriction of transactions and facilitate more dynamic movement in and across the market, incentivising downsizers (perhaps via a 'last-time' buyer's relief), helping more people realise their aspirations of owning their own home, maximising use of existing housing supply, and contributing to Levelling Up and Net Zero agendas by bringing more empty homes back into use and supporting energy efficiency improvements. The SDLT system is an important and powerful policy lever to affect changes that can enhance investment in buy-to-let properties and to prevent existing landlords from leaving the industry, as well as making energy efficiency and quality improvements to drive up standards across the sector. In addition, present inefficiencies that create a barrier to downsizing reduce demand for housing that has been specifically designed for older people. In the UK, just two per cent of the country's housing stock has been designed with pensioners in mind,[1] further perpetuating the lack of movement and elevating prices due to a lack of options for those that would otherwise be inclined to move.

<u>The costs and benefits of proposals</u>

4. Notwithstanding recent temporary changes to SDLT rates and the introduction of a lower effective rate for first-time buyers in 2017, the present system of basic rates has been in place since 2014. Since then, the average UK house price has increased by more than one third[2] and the market has shifted dramatically – most notably as a result of the COVID-19 pandemic, which has seen increased value placed on space, outdoor amenity and connectivity, and heightened demand for short-term letting options. Crucially, such a review should consider the impact of the policy on different demographics with a view to facilitating movement in and across the housing market, helping to free up homes for first-time buyers, second steppers and those looking to right-size (up or down). Embarking on a review would demonstrate the UK Government's commitment to ensuring the sales and lettings markets are fit for purpose and relevant in a post COVID-19 context.

5. Furthermore, the Treasury Committee's recent recommendation that the UK Government should prioritise the reform of SDLT, largely due to its economic inefficiency and constraints it places upon labour market flexibility and economic activity,[3] is notable. But of perhaps more concern, given the enduring challenges of building sufficient, affordable new homes, is the tax's impact on the efficient utilisation of space, upon which SDLT has been found to be more restrictive.[4] The introduction of the Residence Nil Rate Band (RNRB) through the enactment of the Finance (No. 2) Act 2015[5] reinforces the suggestion that down-sizing is not a priority for

1 Propertymark, March 2017, Response to the House of Commons CLG Committee's inquiry – Housing for Older People: https://www.propertymark.co.uk/resource/clg-committee-housing-for-older-people.html

2 Land Registry, 2021, UK House Price Index: www.landregistry.data.gov.uk/app/ukhpi

3 Treasury Committee, March 2021: Tax after Coronavirus: www.publications.parliament.uk/pa/cm5801/cmselect/cmtreasy/664/66402.htm

4 Hilber & Lyytikainen, 2017: Transfer Taxes and Household Mobility – Distortion on the Housing or Labour Market: www.eprints.lse.ac.uk/81872/1/Hilber_Transfer%20taxes_2017.pdf

5 The National Archives, 2021, Finance (No. 2) Act 2015, https://www.legislation.gov.uk/ukpga/2015/33/contents/2015-11-18

the UK Government. This has consequences for the market as a whole, creating a mismatch in the market and having a detrimental effect on short distance moves particularly. As such, a review of SDLT would benefit from consideration of how the welfare loss of the present SDLT system, which has been calculated to be as high as 80 per cent of additional revenue generated by a tax increase from 1 to 3 per cent,[6] might be mitigated. We therefore propose that a review of SDLT should extend to analysis of measures to encourage the efficient allocation of the existing housing stock (right-sizing).

6. The UK Government should, whilst considering the fundamental tax principles of fairness and efficiency, recognise the benefits of a vibrant property market, which contributes significantly to GDP and other tax revenue via consumption of related goods such as legal and removal services as well as spending on building and refurbishment. It should be noted that even a 1 per cent reduction in SDLT has been shown to increase housing market activity by 20 per cent[7] and the implications of this - particularly in attempts to correct market inefficiencies, support home ownership, and encourage investment in the private rented sector - should be explored as a priority.

Levelling up across the UK to increase and spread opportunity

7. A property transaction tax road map would set out how the UK Government intends to approach a review of the SDLT over the next year. Crucially, it would reaffirm policy objectives, analyse the impact of the tax on issues including home ownership, the private rented sector and allocation of existing housing stock. It would consider these alongside the effects of other methods of taxation such as Mortgage Interest Relief (MIR), Capital Gains Tax (CGT), Council Tax (CT) and Value Added Tax (VAT) – in the context of the tax system as a whole – to gain a comprehensive understanding of intended and/or unintended consequences for the property market and its consumers. A review would take into account wider government priorities beyond tax to ensure that a robust, thorough appraisal is undertaken that includes adequate stakeholder engagement and consultation with a view to minimising welfare loss and assessing the costs and benefits of any reform.

Develop a Private Renting Sustainment and Support Programme

The likely effectiveness, deliverability and value for money of proposals

8. Many landlords and letting agents have worked hard throughout the pandemic to sustain tenancies. However, they cannot continue to do this indefinitely without additional support. Landlords are not immune to the devastating knock-on effects caused by unforeseen and unavoidable income losses. As highlighted by the UK Government, "most landlords, income from rent makes up 42 per cent of their total gross income, making them highly vulnerable when their tenants build up rent arrears." To this end, we remain concerned that landlords

6 Ibid

7 Best & Kleven, 2018: Housing Market Responses to Transaction Taxes: Evidence from Notches and Stimulus in the UK: https://academic.oup.com/restud/article-abstract/85/1/157/3887235?redirectedFrom=fulltext.

and their tenants across the country face a financial cliff edge with the ending of furlough alongside the freeze to Local Housing Allowance (LHA) rates and the cut to Universal Credit. Additionally, it is unclear how many of those still on furlough in September were relying on it for all their income and there could be a rise in unemployment when the furlough scheme ends.[8] This is in addition to the pending rises in energy prices and National Insurance Contributions. Consequently, a Private Renting Sustainment and Support Programme is needed and must be developed across the UK Government to target support in four key areas. Firstly, returning and maintaining LHA rates at the 30th percentile and retaining the £20 per week uplift in Universal Credit Personal Allowance. Secondly, the development of an interest free, government guaranteed hardship loan scheme or grant for renters in England, who remain in arrears as a result of the pandemic, and who are not eligible for welfare support. Thirdly, improve how Universal Credit operates by giving tenants choice over whether the housing element of their Universal Credit is paid direct to their landlord and introduce the option for tenants to be paid their Universal Credit twice monthly to assist with budgeting. Fourthly, provide additional investment for local authorities to be adequately resourced to carry out more property inspections and drive-up standards across the private rented sector. Failure to take targeted action to tackle Covid-related rent debt and invest in local authority enforcement regimes will have significant and sustained impacts on the sector as it recovers from the effects of the pandemic.

The costs and benefits of proposals

9. The UK Government must raise and restore LHA rates to at least the 30th percentile to cover the average cost of rents in the lowest third of local markets. The housing element of Universal Credit currently covers less than the lowest third of market rents in an area, due to the freeze in April 2021, meaning those paying average rents will face a large shortfall. There are two main benefits to raising LHA rates. Firstly, it will more accurately reflect the cost of renting. Secondly, it will improve recipient's ability to obtain good quality and well managed accommodation. Many people lose their homes when the rising pressure from high rents and low incomes becomes too much. By increasing LHA rates, it will provide a greater safety net for anyone who loses a job or falls ill. It will also mean that for most private renters who are reliant on housing benefit to pay their rent, there will be more properties in their area that they can afford. Ultimately, this will make more homes affordable to renters and ensure landlords and letting agents have more confidence to let to renters claiming Universal Credit.

10. It is vital that the UK Government develops a government guaranteed hardship loan scheme to help tenants in England pay off rent arrears built because of the Coronavirus pandemic. Loans should be interest free, a principle which aligns with the UK Government's plans set out in the April 2021 Budget to "provide up to £3.8 million of funding to deliver a pilot no-interest loans scheme. The scheme will help vulnerable consumers who would benefit from affordable short-term credit to meet unexpected costs as an alternative to relying on high-cost credit."[9] This can be delivered by providing tenants with a means to pay off Covid-related arrears and

8 Resolution Foundation, September 2021, Job well done. 18 months of the Coronavirus Job Retention Scheme: https://www.resolutionfoundation.org/publications/job-well-done/

9 HM Treasury, March 2021, Budget 2021 documents: https://www.gov.uk/government/publications/budget-2021-documents

help to sustain tenancies by removing any risk of eviction. These should be paid directly to landlords and should cover all arrears accumulated since the start of the pandemic. If a tenant refuses, or is unable, to take up a loan then landlords must be able to cover arrears through grants. The main benefit is to reduce the risk to landlords and keep them in the market. The Bank of England has warned of the impact of buy-to-let landlords facing a drop in rental income - as a significant source of their income - leading them to "sell properties quickly, amplifying house price falls in a downturn."[10]

11. Given the lack of social housing, the main benefit to ensuring Universal Credit is adequate and more effective is that landlords and letting agents would have more confidence to offer tenancies to those receiving Universal Credit. The UK Government can do this by giving the choice to tenants to decide whether the housing element of their Universal Credit is paid direct to their landlord. Currently for an Alternative Payment Arrangement to be made, the claimant must be two months or more behind on rent, after which the landlord can apply to have the housing element paid to them directly. A managed payment of the housing element of Universal Credit can only be made directly to a private landlord automatically when a tenant has reached at least two months' worth of rent arrears. The problem with this is that the average waiting time for a direct payment to a landlord under an Alternative Payments Arrangement is eight and a half weeks and for many landlords, mortgage payments are due monthly. To fix this issue, UK Government must amend the process to reduce the wait time and make the process of delivering rent straight to the landlord much easier.

12. Local authorities have a range of powers to tackle low standards in the PRS,[11] but evidence highlights that many local authorities face challenges in effectively exercising those powers due to inadequate funding[12] and capacity.[13] Local authorities must therefore be provided with adequate and protected funding to enable them to make best use of existing enforcement powers and coordinate their activity to handle compliance with regulations across the private rented sector before the UK Government introduces any new measures intended to drive up standards via its Renting Reform agenda. In 2020, the Ministry of Housing, Communities and Local Government made more than £4 million available via a Private Rented Sector Innovation and Enforcement Grant in recognition of the need to support councils across England with driving up standards in the rental sector by taking effective and targeted action against criminal landlords, enabling good landlords to thrive and advising tenants of their housing rights.[14] To date there has been no published assessment of the impact of this programme and no follow up funding has been allocated. We urge the UK Government to reinstate this

10 NRLA, 2021, Tackling the Covid rent debt crisis: https://bit.ly/3hWSWDi cites the Bank of England, Household debt and Covid, Quarterly Bulletin 2021 Q2: https://www.bankofengland.co.uk/quarterly-bulletin/2021/2021-q2/household-debt-and-covid

11 MHCLG, April 2019, Rogue Landlord Enforcement: guidance for local authorities: https://www.gov.uk/government/publications/rogue-landlord-enforcement-guidance-for-local-authorities

12 Harris, J., et al, 2020, Improving compliance with private rented sector legislation. Local authority regulation and enforcement: https://housingevidence.ac.uk/wp-content/uploads/2020/08/200803_ComplianceReport_Final.pdf

13 Rugg & Rhodes, 2018, Vulnerability in the UK Private Rented Sector: https://nationwidefoundation.org.uk/wp-content/uploads/2018/09/Private-Rented-Sector-report.pdf

14 MHCLG, 2020, Housing Secretary pledges new funding to crackdown on crminial landlords: https://www.gov.uk/government/news/housing-secretary-pledges-new-funding-to-crackdown-on-criminal-landlords

programme in the form of a ringfenced grant ensuring all local authorities receive support that is proportionate to what is needed to deliver effective enforcement in their areas.

Ensuring strong and innovative public services – making people's lives better across the country by investing in housing

13. The pandemic has demonstrated how vital it is to have a welfare system that provides renters with the security of knowing that they can afford their homes during times of economic uncertainty. This is important because official government figures show the proportion of private renters in arrears has tripled during the pandemic, from 3 per cent between April 2019 and March 2020[15] to 9 per cent during November and December 2020[16] whereas mortgage arrears have returned to pre-pandemic level, and the proportion of social rents in arrears has not changed during the course of the pandemic.[17] The figures for April to May 2021 are due to be published imminently, but based on a continuation of an upward trend we can expect the number of private renters in rent arrears to be more than 500,000 as at the end of May 2021 and almost 800,000 by the end of 2021.[18] Weakening the welfare safety net at such a crucial moment would be terribly damaging. The Bank of England has made it clear that renters are more likely than any other group to have lost their jobs or been furloughed, raising concerns that renters are likely to accrue further rent debts as a result of cuts to Universal Credit. And research has revealed that a typical low-income family in the UK will be £1,750 worse off by April 2022 as a combination of factors cause living costs to soar, exacerbating the impact of the planned cut to Universal Credit.[19]

14. Throughout the pandemic, the UK Government took steps via the welfare system to prevent a housing debt crisis – which included the restoration of LHA rates to the 30th percentile and increasing the Universal Credit Personal Allowance by £20 per week. However, LHA rates were frozen again from April 2021 and the uplift to Universal Credit is set to be removed from the end of September 2021 despite overwhelming evidence pointing to the damage it will cause. If the gap between benefit support for housing costs and actual rents in the private rented sector continue to increase this will make it difficult for more people to maintain tenancies and the UK Government are likely to see an increase in rough sleeping and homelessness. This will impact on welfare expenditure, local authorities, and demand for social housing as well as pressure on other public and community services.

Adequately resource and reform the existing courts system

The likely effectiveness, deliverability and value for money of proposals

15 2021, English Housing Survey, 2019 to 2020: Private rented sector: https://www.gov.uk/government/statistics/english-housing-survey-2019-to-2020-private-rented-sector

16 MHCLG, 2021, Household Resilience Study: Wave 2 report: https://www.gov.uk/government/statistics/household-resilience-study-wave-2

17 Ibid

18 According to the most recent English Housing Survey, 2019-20, there are just over 4.4 million households living in the private rented sector in England (Ibid). Based on an upward trend of 3 per cent per quarter as seen in the available official data, 18 per cent of private renters could be in arrears by December 2021.

19 NRLA, 2021, Tackling the Covid rent debt crisis: https://bit.ly/3hWSWDi

15. The UK Government must adequately resource and reform the existing courts system to ensure that courts in England and Wales can deal with the volume of possession hearings following the stay on evictions and extension to notice periods through the course of the pandemic. It is vital that the court system is fit to deal with hearings lodged before and during the pandemic, and since the stay on evictions was lifted and once notice periods revert to pre-pandemic requirements from the 1 October 2021. With the UK Government's Renting Reform agenda on the horizon, the Chancellor has the perfect opportunity in the Spending Review to ensure we have a court system that can ensure access to justice for both landlords and tenants. Measures should also include commissioning a review into how a specialist housing tribunal would operate.

The costs and benefits of proposals

16. The ability for landlords to access a swift, efficient, and cost-effective justice system is a key component of a successful lettings industry. While most tenancies are ended by the tenant, landlords need to be confident that a property can be recovered quickly if the tenant has caused damage, stopped paying the rent or if the landlord's circumstances change. Through adequately resourcing and reforming the existing courts system this will speed up the system, increase expertise in the decision-making process and ensure greater consistency with reduced costs. Failure to fund the courts properly means a lack of justice for landlords and tenants. Without sufficient court infrastructure this leads to delays and inefficiencies. Furthermore, the cost of legal action and potential court costs can discourage individuals from seeking legal redress. In addition, landlords wishing to bring cases can face the potential of the costs of action being greater than the benefits of taking action. This damages court user's confidence in the system due to delays and court users having no certainty over how long processes should take.

17. The majority of landlord and tenant disputes (including possession cases and disrepair) are currently split between the County Court and the First-tier Tribunal (Property Chamber). A specialist housing tribunal would allow for an easier and streamlined process for housing claims, which will subsequently provide faster justice, and make the process more cost effective. A new housing tribunal would take over a large range of cases currently heard by the County Court, property tribunal and Magistrates' Court. The creation of a housing court can also provide the potential for faster enforcement. Where contested cases are not allocated sufficient time in County Court at present, in a specialist housing court, these could be dealt with in one hearing, allowing evidence to be properly heard and counterclaims to be submitted in a timely manner. Improved timeframes would also go some way to overcoming a barrier to justice, wherein claimants are deterred from pursuing their rights due to the sheer length of time involved. They would also encourage landlords to agree to longer tenancies, with the knowledge that, should they need to initiate possession proceedings, they can gain access without unnecessary delay.

Ensuring strong and innovative public services – making people's lives better across the country by investing in the justice system

18. There are not enough courts to deal with housing cases. Half of the magistrates' courts open in 2010 have been closed (162 out of 323) and Her Majesty's Courts and Tribunals Service spending was 18 per cent lower in real terms in 2018/19 than it was in 2010/11.[20] This has left both tenants and landlords without swift access to justice. We estimate that when the stay on possession claims was lifted in September there was a potential backlog of over 62,000 "business as usual" landlord possession claims to be processed across England and Wales.[21] This does not include claims for possession that may have arisen directly because of the Coronavirus pandemic. Defunct courts must be brought back into use to clear a crippling backlog in delayed cases and ensure the system is fit for purpose.

19. The consequence of continued delays in the court system is that private rented sector stock is likely to decrease. It has been suggested that abolition of Section 21 could result in the withdrawal of 45 per cent of private landlords from the sector.[22] The same study finds a similar proportion of landlords considering a reduction in their investment in private rented sector if reforms to compensate for the lack of Section 21 are not forthcoming.[23] If the private rented sector diminishes, additional pressure will fall on local authorities to help those displaced find suitable alternatives at a cost to the taxpayer. Furthermore, there will be fewer homes available to rent privately, and if supply of social stock is insufficient, public-sector expenditure on temporary housing will rise. Councils In England spent £1.19 billion on temporary accommodation 2019-20 alone[24] and this bill is set to increase as the number of households being temporarily housed continues on an upwards rising trend year on year – the figure has grown by 18 per cent in the last three years and the latest annual increase was 3.5 percent.[25]

20. Establishment of a dedicated housing court is a long-term solution to the imbalances of the present system. It requires adequate funding and political commitment, but Propertymark believes that it is warranted by the significance of housing to individuals' health and welfare, as well as the sheer size of the private rented sector – housing 4.4 million households in England alone.[26] The one-off financial investment required to establish a housing court has been calculated to be in the region of £78m[27] and is not an insignificant sum. However, Propertymark believes the benefits to all parties to be sufficient to warrant the expenditure. Improved efficiencies in the system (including through process simplification, use of digital technologies and mediation) would minimise the costs involved in delays and would accumulate over time enabling considerable savings to be made. Judges with expertise in

---

20 Institute for Government, 2019, Performance Tracker 2019: https://www.instituteforgovernment.org.uk/publication/performance-tracker-2019/criminal-courts

21 Propertymark, June 2020, Concerns expressed to Ministry of Justice on housing possession cases: https://www.propertymark.co.uk/resource/concerns-expressed-to-ministry-of-justice-on-housing-possession-cases.html

22 NRLA, July 2019: Possession Reform in the Private Rented Sector: Ensuring Landlord Confidence: www.nrla.org.uk/download?document=1084

23 Ibid

24 MHCLG, October 2020, Local authority revenue expenditure and financing England: 2019 to 2020 individual local authority data – outturn, Revenue outturn housing services (R04) 2019 to 2020: https://www.gov.uk/government/statistics/local-authority-revenue-expenditure-and-financing-england-2019-to-2020-individual-local-authority-data-outturn

25 MHCLG, September 2021, Live tables on homelessness. Statutory homelessness live tables: https://www.gov.uk/government/statistical-data-sets/live-tables-on-homelessness

26 MHCLG, July 2021: English Housing Survey Private Rented Sector 2019-20: www.gov.uk/government/statistics/english-housing-survey-2019-to-2020-private-rented-sector

27 Lettings Industry Council Section 21 Working Group, October 2020: Beyond Section 21: www.thelettingsindustrycouncil.co.uk/post/beyond-section-21-capturing-the-benefits

landlord and tenant law who can guarantee consistency in decision making and bring certainty to the process will benefit tenants and landlords directly, ensuring their interests are protected. Indirect benefits will arise through increased investment in the private rented sector, with a specialist housing court safeguarding the supply and quality of housing via enhanced landlord confidence in the justice system.

Support homeowners and landlords to make energy efficiency improvements to their properties

The likely effectiveness, deliverability and value for money of proposals

21. The UK Government is committed to net zero greenhouse gas emissions by 2050.[28] Domestic properties are responsible for 15 per cent of UK greenhouse gas emissions (22 per cent including electricity consumption), with the owner-occupied sector being the largest and worst performing.[29] Following the closure of the Green Homes Grant scheme there needs to be a long-term financial plan to support homeowners and landlords with energy efficiency and combating climate change. Additionally, new energy efficiency target rules and requirements for domestic premises must be realistic and achievable.

The costs and benefits of proposals

22. The Committee on Climate Change found last year that the average landlord will need to pay £26,300 over the next 30 years to bring their properties up to carbon neutral status (an A rating) and meet the UK Government's target of net zero carbon by 2050.[30] Additionally, Wales has the oldest private rented dwelling stock in the UK with 43 per cent built before 1919[31] and according to the most recent English Housing Survey (2019-20), only 36 per cent of dwellings in the owner-occupied sector in England are rated A to C.[32] Without providing landlords and homeowners with incentives and access to sustained funding, it is unlikely that energy efficiency targets for the private rented sector and a reduction in emissions across the property sector will be met. Furthermore, the UK Government needs to set a long-term goal with incremental objectives to a property rather than seeking to meet one-off targets. For instance, for the private rented sector, it is only a year since rules came into force to ensure all private rented tenancies meet EPC Band E, but the UK Government has now proposed going to Band C within five years.[33] We are concerned that proceeding with the policy without providing adequate support to landlords will cause many landlords to leave the sector because many will be unable to afford the required improvements. This will place additional pressure on the increasing number of low-income households who need to access the private rented sector due to the lack of social housing. Energy efficient homes can reduce overall costs for

28 Department for Business, Energy & Industrial Strategy, April 2021, UK becomes first major economy to pass net zero emissions law: https://www.gov.uk/government/news/uk-enshrines-new-target-in-law-to-slash-emissions-by-78-by-2035

29 Ibid

30 Climate Change Committee, February 2019, UK Housing: Fit for the future?: https://www.theccc.org.uk/publication/uk-housing-fit-for-the-future/

31 Welsh Government, February 2021, Welsh Housing Conditions Survey 2017-18: headline report (updated): https://gov.wales/sites/default/files/statistics-and-research/2020-02/welsh-housing-conditions-survey-headline-results-april-2017-march-2018-update-570.pdf

32 MHCLG, July 2021,English Housing Survey, 2019 to 2020: energy: https://www.gov.uk/government/statistics/english-housing-survey-2019-to-2020-energy

33 Propertymark, October 2020, UK Government sets out plans to improve energy efficiency: https://www.propertymark.co.uk/resource/uk-government-sets-out-plans-to-improve-energy-efficiency.html

the UK Government by improving health and reducing household bills. The benefits mean the UK Government can improve the country's housing stock, tackle fuel poverty, and reduce carbon emissions.

Leading the transition to Net Zero across the country

23. Propertymark understand the importance of making sufficient energy efficiency improvements to privately rented homes as part of the UK Governments policy plans to decarbonise homes and while the energy efficiency of homes across England has improved over the last decade, there is more that can be done to help landlords and householders within the private rented sector meet energy efficiency targets. We therefore urge the Chancellor to use the Spending Review and Autumn Budget 2021 to set out a package of financial support to help landlords adequately fund energy efficiency work. Under the Green Homes Grant scheme funding was only provided to support up to £5,000 worth of improvements. However, according to the English Housing Survey, the average amount spent by a private rented sector landlord to bring a property to Energy Efficiency Rating band of C is £7,646 compared with £5,979 for a social rented dwelling or £8,579 for owner-occupiers.[34] Furthermore, in 2018, over a third of landlords with F and G properties could not afford to bring their property up to E standard, reporting costs of over £5,000.[35] In terms of dwelling age, homes build pre-1919 costed on average £10,000 to bring up to band C compared with £6,000 for homes built 1945-1966 and £1,000 for homes built post-1990.[36] Furthermore, the private rented sector in England has the highest proportion of the most expensive older dwellings with 33 per cent built pre-1919, compared with 20 per cent of owner-occupied homes, 4 per cent of local authority and 9 per cent of housing association homes.[37] In addition, unlike social housing, which is designed to a specific specification, the private rented sector compromises a range of property without that particular specification.

24. The UK Government must move away from a one-size fits all policy and develop energy efficiency proposals that work with the different age, condition, and size of properties. This way the UK Government can target grants and funding support based on the architype of a property rather than its tenure. The UK Government should also set out a plan for energy efficiency improvements that are linked to the recommendations on an Energy Performance Certificate (EPC). This would provide a clear plan of action for landlords and homeowners, which demonstrate the most suitable route to a warmer home, regulatory compliance and zero carbon, in an appropriately staged way. Currently, homeowners and landlords have little access to funding other than their own income to make energy efficiency improvements to their properties. Without providing incentives and access to sustained funding it is unlikely that energy efficiency targets and a reduction in UK greenhouse gas emissions from domestic properties will be met.

34 MHCLG, July 2021, English Housing Survey, 2019 to 2020: energy: https://www.gov.uk/government/statistics/english-housing-survey-2019-to-2020-energy

35 Business, Energy and Industrial Strategy Committee, Twenty-first Report of Session 2017–19, Energy efficiency: building towards net zero, chapter 5, the Rented Sector: https://publications.parliament.uk/pa/cm201719/cmselect/cmbeis/1730/173008.htm

36 MHCLG, July 2021, English Housing Survey, 2019 to 2020: energy: https://www.gov.uk/government/statistics/english-housing-survey-2019-to-2020-energy

37 Ibid