



Minimum standard of energy efficiency for private rented homes

Secretary of State for Energy and Climate, Chris Huhne MP, recently announced changes to the Energy Bill to include a new law introducing a minimum energy efficiency standard for homes rented from a landlord or lettings agency from 2018. This is a welcome step forward but unfortunately the proposed new law is inadequate, contains significant loopholes and should start sooner.

There are over 3.6 million households renting privately in England, Wales and Northern Ireland – 13% of the housing stock. Rented homes include a large number of households in fuel poverty; many are so cold and poorly insulated they are a health hazard and cost a huge amount to heat. In the very worst insulated and poorly heated rented homes (just under 700,000 rented homes in England have an Energy Efficiency Rating of F or G) over 40% of households live in fuel poverty. It costs the NHS in England an estimated £145m annually to treat people made ill by living in these dangerously cold homes.

The Government has now introduced a new law into the Energy Bill so that it will become illegal from 2018 for a landlord to let a home with these lowest energy efficiency ratings. They have promised that the minimum standard will be periodically reviewed and will be raised over time if necessary.

This is the result of a high-profile campaign by a wide coalition of almost 40 health and consumer organisations, green groups, children's charities, councils and grassroots tenants' rights groups, led by Friends of the Earth. The coalition includes Citizens Advice, Crisis, Consumer Focus, Age UK and the Association for the Conservation of Energy.

The campaign has huge support in Parliament with 179 MPs from across the political spectrum signing Early Day Motion 653 calling for a minimum energy efficiency standard from 2016. The Fuel Poverty Advisory Group, the Mayor of London, the CBI and the Committee on Climate Change have also called for an energy efficiency standard for rented homes.

A new law to ensure rented homes meet a basic standard of insulation and heating could be a significant step forward. It could protect thousands of vulnerable families from fuel poverty and high energy bills, and bring health benefits for those tenants currently living in cold homes. An estimated 150,000 households could be lifted out of fuel poverty by bringing the coldest rented homes (those with an energy efficiency rating of F or G) up to a higher standard. Tenants living in these homes will save an average of £488 on their annual energy bill and the UK will save 1.87 million tonnes of carbon dioxide every year.

However we are concerned and disappointed that the new legislation the Government has now added to the Energy Bill is inadequate, will start too late and contains a significant loophole which must be closed if it is to be effective.

The minimum energy efficiency standard must start in 2016. All the benefits of the minimum standard for tenants, the climate and the taxpayer will be unacceptably delayed if the introduction of the minimum standard is pushed back from 2016 - the date 179 MPs support - to 2018 as the legislation currently proposes. Seven years is an unnecessarily long time to wait for the introduction of the minimum standard. In fact, the Government's proposed 2018 start date is actually two years after its legal target to end fuel

poverty. The independent Committee on Climate Change recently called for “earlier introduction of regulation for the private rented sector”, stating that “there is no reason to delay implementation of this aspect of the proposals.”

By 2016 over 80% of private rented properties are likely to have changed tenants (the same proportion as will have turned over by 2018) giving landlords plenty of opportunity to make the necessary changes.

The new law should make it an offence **to market the coldest rented homes** to let, and **letting agents should also be able to be prosecuted** for letting dangerously cold homes below the minimum standard on behalf of a landlord. This will make the new law much cheaper and easier for councils to enforce.

Dangerously cold properties must be improved up to the minimum standard. As the proposed new law stands, properties below the ‘minimum standard’ will have to be improved but these improvements won’t necessarily have to ensure the property reaches the minimum standard. As long as they do what they can under the new Green Deal it will be perfectly legal to carry on letting the property even if it still dangerously cold. This significant loophole could create considerable confusion for both tenants and landlords and mean an unknown number of dangerously cold rented homes could continue to be let perfectly legally for many years after the minimum standard has come into force.

Tenants asking for energy efficiency measures from landlords must be given proper legal protection from eviction. Work by Citizens Advice shows that fear of eviction is a barrier to many tenants asking for improvements to and maintenance of rented homes, including for energy efficiency. Thanks to our campaign the Government have now promised to look at the issue. However even if they agree there is a problem; they don’t currently have the necessary legal powers to limit a landlord’s ability to evict a tenant before their contract is up. The Energy Bill should be amended to give the Government the power to ensure that tenants who have properly requested that their landlord improve the energy efficiency of their home cannot be evicted on this basis.

Lib Dem MP John Leech has tabled amendments to the Energy Bill which would make these changes.

Finally, the Government should look at how it can encourage landlords to act early to help households facing fuel poverty this winter, with an increased tax break for energy efficiency measures.

If these changes are made and the law is sound, the minimum energy efficiency standard for rented homes will be a significant step forward. However it would definitely not end fuel poverty. Latest Government figures show there are 5.5 million households that can’t afford to heat their homes. Millions will continue to live in homes so cold they make them ill and cost a fortune to heat. It is estimated there are 1.3 million children living in homes that are so difficult to keep warm, they are a health hazard.

That’s why as well as the minimum energy efficiency standard, the Government should include the Warm Homes Amendment to the Energy Bill. This will ensure it produces a plan or strategy for the policies which will see sufficient homes insulated and made energy efficient to end fuel poverty and meet carbon targets.

For more information on the minimum energy efficiency standard for private rented homes please see our longer briefing: http://www.foe.co.uk/resource/briefings/private_rented_homes.pdf

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