

Response ID ANON-EDJB-Z9X5-N

Submitted to **The Energy Efficiency (Private Rented Property) (Scotland) Regulations 2019**

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Page 1

1 Do you think that the proposed approach to exemptions both within the Regulations (Regulations 11 - 13) and amplified in the Guidance (Chapter 4) provides you with sufficient clarity on meeting the standard or seeking an exemption of that standard? Please set out the reasons for your response.

Please respond:

The SPF recognises the potential need for mandatory energy efficiency standards in the private rented sector as part of wider measures for improving energy efficiency in Scotland's built environment - and the government's net-zero ambitions for 2045. However, we are concerned about the limited length of time that landlords will have to prepare for these new regulations taking effect. The initial standard (EPC E by 2020) gives landlords just over six months to prepare for the new regulations. This will affect the ability of landlords to fund any required improvement work, as well as putting strain on the supply chain to meet the rapid increase in demand for energy efficiency improvement work.

We agree with the Scottish Government that there should be exemptions for landlords who are unable to make improvements for reasons of cost or consent.

Cost Cap

We agree with the implementation of a cost cap, however, landlords still potentially face large costs and consideration needs to be given to the effect that this could have on the Private Rented Sector market. Many private landlords have small portfolios (often consisting of just a single property) and may not have the resources to implement the modifications required.

Even with the introduction of a cost cap of £5,000 for meeting each EPC E and D, current timescales could mean that landlords face making a total investment into energy efficiency of some £10,000 per property by 2022. This sum could be considerably less in more modern PRS stock, but for landlords managing older or historic properties, where the construction may have been built to different standards, the level and speed of investment needed could be prohibitively high. In other parts of the UK the cost cap is £3,500, which seems a more appropriate figure for Scotland given the speed at which these regulations are intended to take force.

Our members have also made the case for the cost cap to include works required for re-decorating/ making good after the installation of energy improvements. Some of these measures can be intrusive and require down takings/ builders work and re-decoration.

Listed Buildings and Conservation Areas

The guidance asks landlords to seek advice from Historic Environment Scotland (HES) in relation to exemptions for private rented sector properties in listed buildings or in a conservation area. Our members are concerned about HES's ability to handle the volume of requests for advice given the high number of PRS properties that are in city centre locations. Many of these properties will be subject to listing or be part of a conservation area. More generally on this point, it is unclear exactly what evidence will be required by local authorities to grant an exemption for listed buildings and properties in conservation areas.

Inconsistency

As the exemptions are decided by local authorities, the risk of inconsistency is greatly increased, as local authorities may potentially interpret and enforce the regulations differently. This could make it difficult for investors to get consistency of decision making across their portfolios and make the process of applying for an exemption more confusing.

2 What are your views on the existing mixed nature of support (financial and advice) available to landlords and tenants? Include any additions or changes you think would assist.

Please respond:

While improvements have been made to the funding and advice available to landlords, the current situation is unlikely to be able to handle the volume of additional cases that this legislation could create. In addition, while government support is available for certain energy efficiency improvements, this is not available to everyone and the current level of funding may be insufficient to meet the potential demand for assistance.

The automated energy improvement measures recommended by the Standard Assessment Procedure (SAP) must also be improved. The measures can be misleading and direct landlords to install energy efficiency measures that will provide poor return/ investment for both the landlord and the tenant. Examples of this include installing renewable systems ahead of proposing fabric first enhancements.

For properties that use electric heaters, SAP recommendation is to install wet central heating with gas boilers (where main gas is available). This goes against recent policy proposals to moving away from a natural gas heating, both in terms of local air quality and national CO2 emission targets (i.e. all electric buildings with a cleaner national grid).

Our members have also repeatedly called for the enhancement of the methodologies used to produce EPC ratings and prescribe solutions. We have noted that EPC ratings for both domestic and non-domestic buildings are often inaccurate, and do not always account for changes in technology. We would like to see greater emphasis on ensuring that EPC methodology is improved ahead of the regulations coming into force.

It is also vital that the Scottish government gives local authorities additional resources to support landlords and other property owners, as local authorities have a

vital role in the enforcement of regulations.

3 How would the changes you suggest influence the speed with which you would expect improvements to occur?

Please respond:

As already stated, the speed at which the regulations are coming into effect could make compliance more difficult as landlords have a relatively short period of time to plan and adapt to the new regulations. It is, therefore, important that the Scottish Government does more to make landlords aware of the changes facing them and supports them during the initial stages.

Our members are concerned that the timescales detailed in the draft legislation could have a negative effect on the quality of work and the industry's capacity to meet the increased demand for energy efficiency improvements. It would reduce the time that the market has to adapt to the new regulations. It is important that there are enough trained people to meet this demand, and that there are contingencies made for supply chain issues.

These regulations may also disincentivise involvement within the private rented sector. This is important because if even a small percentage of landlords decide to leave the market because of the regulations, there could be a significant impact on a tenure that is playing an increasingly important part in housing Scotland's people. It is, therefore, vital that the Scottish Government works with landlords to ensure a smooth transition and to make sure that regulations do not force the disposal of much needed rental accommodation.

It should also be kept in mind that it is difficult for landlords to make any energy efficiency improvements 'pay back' over their lifetime. Most of the benefit gained from energy efficiency improvements will fall to the tenant, who will potentially see reduced energy bills. For the landlord to make improvements cost effective and affordable prices may have to rise, and this could outweigh any potential savings by tenants.

4 We propose that 6 months in advance of the Regulations coming into force local authorities should take account of expenditure outlay on measure which are intended to meet the standards set. Do you agree that this is a reasonable lead in time period? if not, what alternative lead in time would you propose?What information would you expect to provide to local authorities to seek an exemption based on the cost cap proposed?

Please respond:

As already states, our members are of the view that the £5,000 cost cap should include works required for re-decorating/ making good after the installation of energy improvements. Some of the measures can be intrusive and require down takings/ builders work and re-decoration.

On the issue of local authorities more widely, the draft regulations would put several additional burdens on local authorities at relatively short notice. Our members are concerned about the ability of local government to implement these regulations given their general lack of resources.

5 What are your views on the proposed penalties, in terms of the impact they will have on achieving compliance with the Regulations and ensuring the completion of carry out improvement works across the Private Rented Sector?

Please respond:

It is important that the Scottish Government and local authorities focus their attention on supporting landlords to improve energy efficiency through education and funding. Local authorities should therefore consider the merits of issuing penalties in the initial implementation of the regulations. As the timescales for the regulations taking effect are short and it will be challenging for landlords to adapt to them.

About you

6 What is your name?

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7 What is your email address?

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8 Are you responding as an individual or an organisation?

Organisation

9 What is your organisation?

Organisation:

Scottish Property Federation

10 Group/Org Type (please tick one)

Industry Association/ Manufacturer

If other, please specify.:

11 The Scottish Government would like your permission to publish your consultation response. Please indicate your publishing preference:

Publish response only (without name)

12 We will share your response internally with other Scottish Government policy teams who may be addressing the issues you discuss. They may wish to contact you again in the future, but we require your permission to do so. Are you content for Scottish Government to contact you again in relation to this consultation exercise?

Yes

Evaluation

13 Please help us improve our consultations by answering the questions below. (Responses to the evaluation will not be published.)

Matrix 1 - How satisfied were you with this consultation?:

Please enter comments here.:

Matrix 1 - How would you rate your satisfaction with using this platform (Citizen Space) to respond to this consultation?:

Please enter comments here.: