

4. Please indicate which category best describes your organisation

(Tick one only)

Executive Agencies and NDPBs	<input type="checkbox"/>
Local authority	<input type="checkbox"/>
Other statutory organisation	<input type="checkbox"/>
Registered Social Landlord	<input type="checkbox"/>
Representative body for private sector organisations	<input type="checkbox"/>
Representative body for third sector/equality organisations	<input type="checkbox"/>
Representative body for community organisations	<input type="checkbox"/>
Representative body for professionals	<input checked="" type="checkbox"/>
Private sector organisation	<input type="checkbox"/>
Third sector/equality organisation	<input type="checkbox"/>
Community group	<input type="checkbox"/>
Academic	<input type="checkbox"/>
Individual	<input type="checkbox"/>
Other – please state...	<input type="checkbox"/>

CONSULTATION QUESTIONS

CIH Scotland response attached below as separate document

Introductory comments

CIH Scotland welcomes the consultation on the Scottish Government's Sustainable Housing Strategy. As a member of the Existing Homes Alliance Scotland (EHAS) CIH Scotland welcomes the opportunity EHAS has had to influence the strategy through its role on the Scottish Government's Sustainable Housing Strategy Group. We are happy to endorse the response submitted by EHAS and commend that response to our members. The EHAS response is a more detailed submission on the draft strategy and can be found on the EHAS website at <http://www.existinghomesalliancescotland.co.uk/>

CIH Scotland fully supports the Scottish Government's vision for 'warm, high quality, affordable, low carbon homes and a housing sector that helps establish a successful low carbon economy across Scotland'.

CIH Scotland also supports the key objectives of the policy, which include delivery of a step-change in the provision of energy efficient homes by 2030 and meeting the 2016 fuel poverty target, although fuel price increases in recent years look like making the latter objective all but impossible to achieve.

This strategy is effectively about privately owned and private rented housing. The success of the strategy will depend almost entirely on the extent to which sufficient 'carrots and sticks' are used to ensure that substantial numbers of home owners and private landlords carry out energy efficiency works to their homes. It will require a robust combination of enforceable minimum standards and financial incentives. Those incentives will need to be shaped in such a way as not to rely too heavily on the Green Deal, as our sense at this stage is that the scheme will not be anywhere near as appealing as either the UK or Scottish Government may be hoping it will be.

National Retrofit Programme

CIH Scotland welcomes the plans to establish a National Retrofit Programme which prioritises fuel poor areas first. The availability of appropriate financial support to help low income households carry out essential work will be crucial to the success of such an approach. The programme will need to go further than simply bringing together a range of existing initiatives: new approaches will be needed not just in terms of financial incentives but also in finding imaginative ways to raise the public consciousness about energy efficiency.

The ways in which national and local government, and other agencies, publicise the availability of energy efficiency measures and financial incentives will be crucial. Feedback from energy organisations suggests that in some areas, even offers of free assistance have had remarkably low take up: this may be down to a combination of factors including lack of trust that something really is free, and fear of upheaval (for example where items are stored in a loft). Imaginative ways of pre-empting and addressing such perceptions will be needed if take up rates are to rise significantly. It will be important for awareness campaigns to put real emphasis on

how householders can save themselves money, as well as on what the work can do for climate change targets.

Whilst the NRP will be first on the scene in April 2013, in time, the NRP, introduction of minimum standards and financial market transformation to make energy efficiency something which is valued by buyers and sellers, need to be inextricably linked if significant progress is to be made on fuel poverty and carbon emissions.

Once minimum standards have been introduced for all private housing (see below), the area based approach will need to be combined with an approach which covers the whole local authority area in terms of incentives for home owners intending to sell (or who have recently purchased) and therefore caught by the requirement to meet minimum standards.

Minimum standards for private housing

With 75% of Scotland's population living in privately owned and privately rented housing, no amount of regulation of standards in the social rented sector will by itself make meaningful inroads into tackling fuel poverty and energy efficiency. In many respects social housing will always be the easy target, and councils and housing associations will do all they can within available resources to meet the highest possible standards.

Minimum standards for private housing must therefore be introduced: it would simply be unacceptable to resist or put off such an approach. Whilst we recognise the undertaking that no such standards will be introduced before 2015, this should not be seen as a reason to put off the *setting* of those standards as soon as is practicable, thus giving advance notice to owners and to the housing market more widely, setting in motion the financial market transformation which needs to sit alongside the implementation of minimum standards.

It is hard to see how either the fuel poverty target or climate change targets can be achieved without minimum standards for private housing. The beneficial impact on the jobs market and overall contribution to the Scottish economy will be further, crucial knock-on effects of introducing minimum standards.

Point of sale for owner occupied properties, and point of rental for privately rented properties, should be the trigger points for enforcement of minimum standards. However, it will be important that appropriate safeguards and supports are in place to ensure that mandatory standards do not adversely affect people with low incomes and savings. In order to prevent such people effectively becoming trapped in homes they are seeking to sell, owners should be able to pass the requirement to upgrade the energy performance of their property on to the purchaser, with a requirement on the purchaser to complete the works within a fixed period after the purchase: 12 months would seem to be reasonable. The passing on of this responsibility would of course be a factor reflected in the price paid for the property.

Enforcement of minimum standards

In the owner occupied sector, CIH Scotland sees no reason why an undue burden of enforcement should fall on local authorities, as the policing of standards would effectively take place through the conveyancing process.

Enforcement of standards in the private rented sector seems likely to be more problematic, partly because the letting process is quite different to a conveyancing process, and partly because any one property will on average be let more frequently than an owner occupied property will be sold. CIH Scotland would be keen to play a proactive role in discussions on how standards can be enforced in the private rented sector.

In consultation events Scottish Government officials have hinted that the human rights implications of minimum standards would need to be explored. One assumes that such considerations would balance an owner's right to 'quiet enjoyment' of their home with the national interests of tackling fuel poverty and climate change. If it is not doing so already, the Scottish Government should explore the human rights considerations speedily and not use the issue to delay progress towards introducing minimum standards.

Whilst we are aware that one approach to the setting of standards could be to impose a requirement for the standard of all properties to be increased by, say, one band, we do not believe that this is appropriate if the aim really is to introduce a *minimum* standard. Through secondary legislation later in 2012 (or as soon as possible thereafter) the standard should be set at the Energy Performance Certificate level of E by 2015 and raised to C in 2020. This will provide for a reasonable lead-in time so that home owners and private landlords will be able to plan the investment needed to meet the new standard

We recognise that this could be seen as reducing the incentive for owners and landlords to improve the energy efficiency of homes which already meet the minimum standard. Over time, we would hope that even for these owners, there would be an incentive to improve energy efficiency and therefore the attractiveness of their property to prospective buyers.

A different approach may be needed to the implementation of minimum standards in tenemental housing and in mixed tenure blocks as opposed to housing which, in legal terms, is 'stand alone'. One sale in a tenement of six flats may not lead to work being enforced to communal parts of the building. There seems unlikely to be a straightforward way of addressing this challenge, but CIH Scotland would argue that such dilemmas should not delay the enforcement of minimum standards in stand alone properties.

Financial market transformation

CIH Scotland welcomes the recognition that, over time, energy efficiency must become something which is highly valued – in other words something which sellers highlight and buyers are attracted by. It is widely acknowledged that we are pretty much starting from scratch on this.

Council tax may also be a mechanism through which financial market transformation can be promoted.

Giving greater meaning to EPCs through minimum standards, and a requirement for estate agents to post the EPC ratings prominently within sales particulars, will be a helpful step forward.

New Scottish Land and Buildings Transaction Tax

In our response to the recent consultation on a new Scottish Land and Buildings Transaction Tax, CIH Scotland joined the Existing Homes Alliance Scotland in calling for the new tax to be used to incentivise energy efficiency works to owner occupied property. We welcomed that consultation's indication of the Scottish Government's willingness to consider using the new tax to support key priorities such as promoting energy efficiency. The new tax is a great opportunity to contribute to financial market transformation.

The SHS consultation readily recognises that whilst the Scottish Government can more easily exert control over energy efficiency standards in the social rented sector, effecting change among home owners is much more difficult. Whilst the introduction of minimum energy efficiency standards for privately owned property will be a major step forward, there is no single solution which will overcome the massive challenge of influencing how home owners view energy efficiency. This means that other viable options must be explored where they arise, and the new tax is just such an option.

Specifically, varying the tax according to a property's Energy Performance Certificate rating is the main option CIH Scotland believes should be explored. This would either (a) make more energy efficient homes cheaper to buy because of the lower transaction costs or (b) encourage sellers to carry out work and then seek to realise a higher asking price in the knowledge that the buyer will pay less tax. Either way, behaviour is being influenced in a critically important way.

We recognise that the Scottish Government plans to exempt lower value properties from the tax altogether, but this will still leave very significant scope for using the tax to incentivise energy efficiency work in properties above £125,000 or £150,000 as the case may be.

We recognise too that it may not be possible to vary the tax on a property solely on the basis of the property's energy rating and instead that it would be probably be more realistic to base a *proportion* of the tax banding on energy rating.

Funding/incentive issues

The position in relation to sources of financial support and incentives for home owners to carry out energy efficiency work seems likely to be a slowly evolving one. Delays to the introduction of the Green Deal and Energy Company Obligation have meant even higher levels of scepticism about the extent to which these initiatives will take off across the UK and especially in Scotland, which may or may not attract the attention of the UK-wide energy companies.

Doubt seems greatest in relation to prospects for high take up of the Green Deal among home owners. At a recent consultation event run in conjunction with the Existing Homes Alliance Scotland and Scottish Government, fuel poverty expert Dr Brenda Boardman observed that "if you're clever enough to understand how the Green Deal works, you're clever enough to know not to use it". One can perhaps understand such scepticism when set against the apparent reluctance of home owners to make energy efficiency improvements even when grants are available or the work is completely free.

Part of the problem with the Green Deal is the notion that whilst home owners will be protected by the Golden Rule, they will effectively be paying high loan costs and are also in the dark about what will happen to their fuel bills in the future.

Equity release

Trust is also an issue when it comes to the willingness or otherwise of home owners – particularly older home owners – to take up equity release products to carry out work to their home. As with a number of other recent Scottish Government consultations and publications, the draft Sustainable Housing Strategy cites equity release as a potential source of funding for home owners needing to carry out energy efficiency work.

CIH Scotland believes this faith in equity release may be misplaced. Even at a time when the housing market was buoyant, appropriate equity release products were very few and far between. One potential solution to the lack of acceptable loan products – a National Lending Unit – was explored by the Scottish Government when it was looking to complement local authorities' Schemes of Assistance under the 2006 Act. The proposed NLU was to have made available loans to home owners, which would be repaid on sale of the property – loans which could be used for repairs, improvements or adaptations. Such a mechanism was being explored for the very reason that no appropriate commercial equity release products had emerged and none seemed likely to emerge.

CIH Scotland recognises that there would be start up and ongoing running costs, and that there would need to be an initial capital input to get the recycling loan fund moving. But over time, a substantial amount of private equity could be brought into the system to pay for energy efficiency work along with other types of work. Without such an initiative, CIH Scotland believes that home equity will largely remain untapped, leaving few, if any, carrots to be offered to owners. This prevents social landlords from achieving the SHQS in many mixed tenure blocks, and will impact on the ability of home owners – in both stand alone housing and in flats – to carry out work to meet the minimum standards which the Scottish Government will introduce for private housing.