

# Heat our homes, not the planet.

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The role of renters in decarbonising housing



A Generation Rent  
Renters' Panel project  
February 2021

 **GENERATION RENT**  
The national voice of private renters

# Executive summary

Homes with low energy efficiency are not only more expensive to heat; they are also more vulnerable to condensation, damp and mould. The problem is worse in the private rented sector.

**Two thirds of private renters live in homes rated D or below, compared with 44% of social tenants. Despite paying substantially more in rent, private renters are more likely to live in cold homes or face damp problems. This report explores the reasons for this disparity.**

Landlords have an incentive to install energy efficiency improvements; raising a home from D to C increases its value by 5%. But as this value cannot be realised without selling or remortgaging, it is a fairly weak incentive.

The Government's new Green Homes Grant should strengthen that incentive, but early signs indicate that landlords' take-up of the scheme is limited. While they own 32% of homes rated D or below, just 14% of grant applications so far have come from landlords, less than half the rate we would expect to see. The question therefore remains, what are the obstacles to improving homes in the private rented sector?

New research, conducted through Generation Rent's Renters Panel, has indicated three major barriers to better insulated homes. Members of the Renters Panel completed the government's Simple Energy Advice online tool and provided feedback to Generation Rent on their findings.

1. First, panel members indicated that they were not confident they would benefit from any energy efficiency improvements to their homes. Some felt uncertain that they would be in the home long enough – either because it was unsuitable for them in the long run or they feared eviction by their landlord. Half (48%) were worried that any energy savings achieved would be cancelled out by an increase in their rent.
2. A second obstacle to the improvement of these homes is the lack of knowledge private renters have about the energy efficiency measures already in place. While almost all panel members knew what type of glazing and boiler they had, only half knew what type of roof insulation they had and 44% the type of wall insulation. Combined with the unreliability of Energy Performance Certificates, which are valid for 10 years, this makes it difficult for private renters to make informed requests for improvements.
3. The third obstacle in improving private rented homes is the lack of willingness from landlords to make improvement. Although most renters lack an incentive to make requests, too many of those who do simply get ignored. The significant obstacles to improve the energy efficiency of private rented homes is a huge problem for renters' finances, physical and mental health and overall wellbeing. This issue has been made worse by the pandemic, as private renters have been, and continue to be, trapped inside of homes they are unable to improve.

Generation Rent concludes that if the government is to succeed in making our homes greener, and life for renters more pleasant, it needs a bigger stick to persuade landlords to act, along with the carrot of grants and other finance. We therefore back the government's proposal to raise the minimum energy efficiency rating to C.

But the government must also give renters their own incentives to demand improvements: the prospect of genuine savings by limiting rent increases, the security of being able to stay in their homes for long term that would come with effective tenancy reform, and an ability to claim back rent if their landlord fails to comply. The government must also use these new requirements to introduce a full national register of landlords and their properties to help tenants and enforcement authorities alike weed out bad landlords and raise standards.



**just 14%**  
of grant applications have come from landlords, less than half the rate we would expect to see

# Background

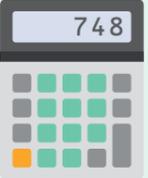
Much of our quality of life hinges on the energy efficiency of our homes: the insulation, the type of heating and how we control it.

**The more energy efficient our home is, the less gas and electricity we need to heat it so the cheaper it is to live in it. On average a home rated C is £748 cheaper to heat per year than a home rated E.<sup>1</sup> A higher energy efficiency rating means we're warmer and have more disposable income.**

In addition, the more energy efficient our home is, the less of a problem we have with damp. That is because warmer air can hold more moisture – when it cools, water droplets collect on surfaces like walls and windows. Homes with double glazing and wall and loft insulation are less likely to have a damp problem – so less likely to foster mould and damage our belongings and health.

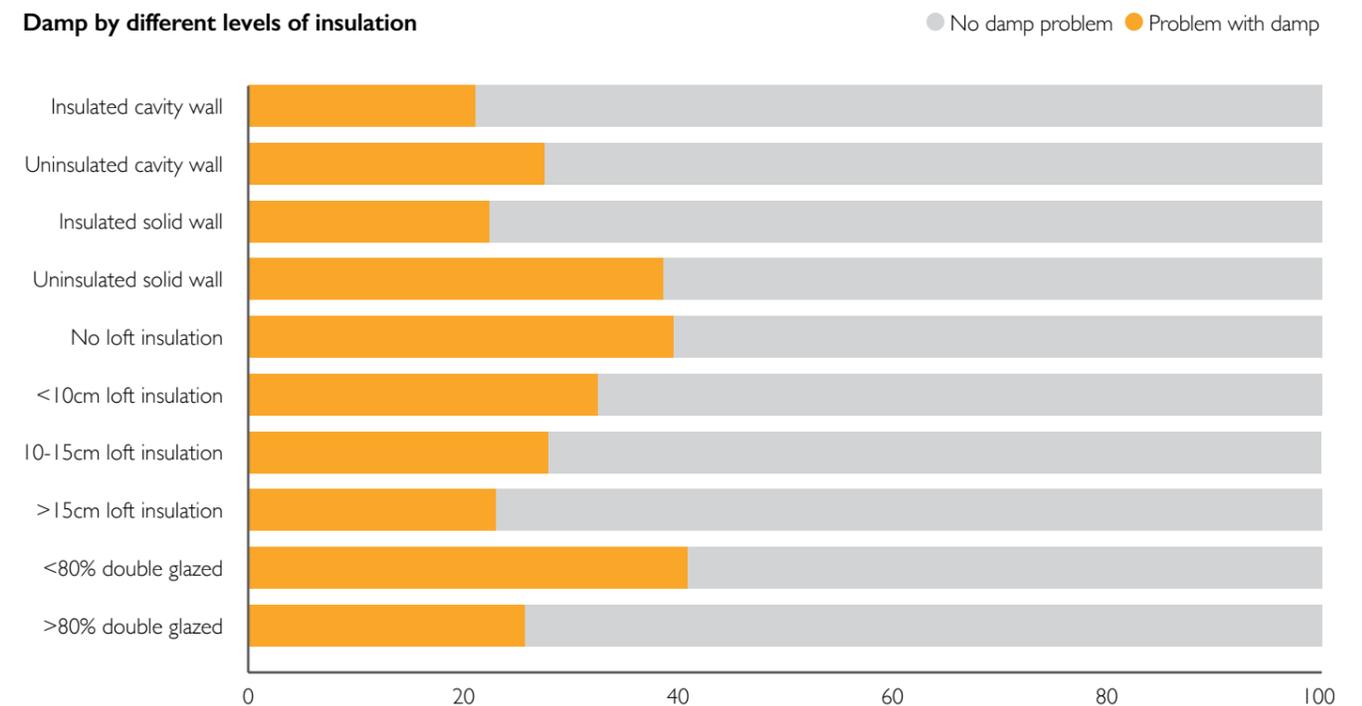
To take one type of energy efficiency measure as an example, homes with insulated solid walls are 42% less likely to have a damp problem than homes with uninsulated solid walls.<sup>2</sup>

While improving a home's energy efficiency benefits the person living in it, it also benefits the owner. It costs an average of £4700 to improve a property to a C rating, and C-rated properties enjoy a 5% price premium over D-rated properties, making it financially worthwhile for property owners to make improvements to all but the cheapest homes. Based on government-commissioned analysis £94,000 is the average threshold.<sup>3</sup>



**£748**  
A home rated C is on average **£748 cheaper to heat per year** than a home rated E

**Damp by different levels of insulation**



1. English Housing Survey, Energy Report 2018-19, Annex Table 1.5  
 2. English Housing Survey, Energy Report 2018-19, Annex Table 2.16  
 3. Department for Business, Energy and Industrial Strategy, 2020, Improving the energy performance of privately rented homes, p12 [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/946175/prs-consultation-2020.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/946175/prs-consultation-2020.pdf)

# Energy efficiency in the private rented sector

Most private renters are denied the comfort and savings that an energy efficient home offers. Two thirds of private renters (67%) live in homes rated D or below, compared with 44% of social tenants.<sup>4</sup> There are still 1.79m private rented homes with uninsulated solid walls – 38% of the sector.<sup>5</sup>

Using less energy to heat your home also means lower carbon emissions, and this is why the government wants to see all private rented homes rated C or above by 2028. The minimum standard currently is an E rating. The Department for Business, Energy and Industrial Strategy (BEIS) set out proposals in September 2020 to achieve this, and the consultation closed in January 2021.

To ensure that the government does all it can to reduce the carbon footprint of the private rented sector, we need to understand why so many homes are still rated D or below when the benefits to the tenant and the owner are so clear.

The first problem is that the benefit to the owner is not quite so tangible. An increase in the property's value can only be realised when it is sold, or, to a lesser degree, by benefiting from lower interest rates or releasing equity when remortgaging.

The government has stepped in to address this problem by launching the Green Homes Grant in September 2020, which offers landlords and owner-occupiers grants of up to £5000 for energy efficiency improvements.<sup>6</sup>

Of the 15.9m homes rated D or below, 32% are rented – so if the cost for the landlord was the only barrier to upgrading private rented homes we should expect to see around a third of the grants go to landlords.<sup>7</sup> But in answer to a parliamentary question, BEIS revealed that after two months of the new scheme, just 5,928 landlords had applied for a grant, 14% of the 42,507 applications in total.<sup>8</sup>

If landlords are seeking grants at less than half the rate we would expect, it appears that landlords are not feeling enough pressure to make energy efficiency improvements.

We decided to ask renters why this might be.

# Our renter research

BEIS's consultation posed some important questions to determine how its policy on raising standards would be introduced, implemented and enforced. However, it was not designed to understand private renters' views and motivations around the energy efficiency of their homes.

To complete the consultation would have involved reading a 47-page consultation document, and answer 32 jargon-heavy questions. A prior understanding of energy efficiency regulations would have helped as well. Rather than encourage our supporters to complete this, we prepared our own exercise for members of our Renters' Panel, which we believed would elicit some more valuable insights.

The Renters' Panel is a group of over 250 Generation Rent supporters who have volunteered their time to test out policies, services and other initiatives intended to benefit private renters in the UK. Each task involves more than simply answering some questions about their experiences. We knew that the government was directing renters who were interested in the Green Homes Grant scheme

to complete the Simple Energy Advice online tool.<sup>9</sup>

Simple Energy Advice asks users about their home, including their address, tenure, and the type of insulation and boiler in the home, and provides the Energy Performance Certificate (EPC) and suggestions for improving the home's rating. This can be emailed to the tenant to pass on to their landlord if they wish.

We asked panel members to complete the tool and answer some questions to help us understand if there was anything about the government's own tool that could be improved to drive more landlord interest in the grant scheme, or if the problem lay elsewhere. We ran this process between 30 November and 10 December 2020.

4. English Housing Survey, Energy Report 2018-19, Annex Table 1.3

5. English Housing Survey, Headline Stock Report 2019-20, Annex Table 2.14

6. <https://www.gov.uk/guidance/apply-for-the-green-homes-grant-scheme> p12  
[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/946175/prs-consultation-2020.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/946175/prs-consultation-2020.pdf)

7. English Housing Survey, Energy Report 2018-19, Annex Table 1.3

8. Lords Hansard, Written answer to Baroness Altmann, November 30 2020, <https://questions-statements.parliament.uk/written-questions/detail/2020-11-16/HL10316>

9. [www.simpleenergyadvice.org.uk](http://www.simpleenergyadvice.org.uk)

# Findings

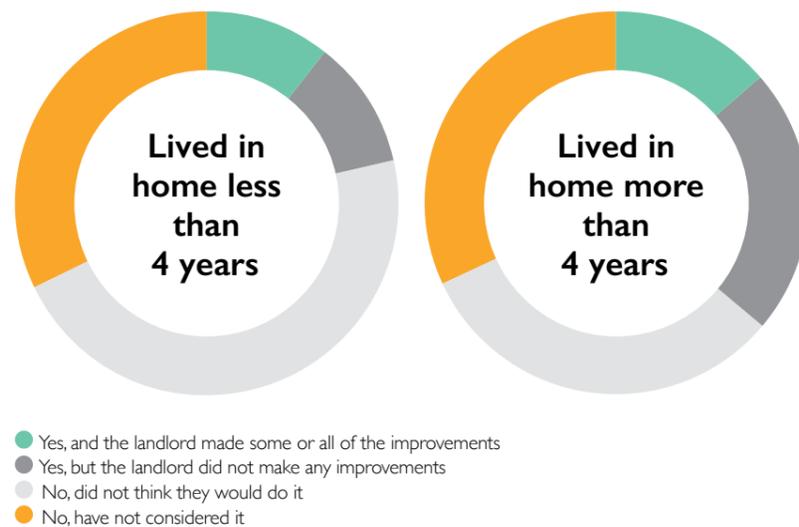
A breakdown of our findings can be found at the end of the report.

## Experience of requesting energy efficiency improvements

Few panel members reported requesting improvements from their current landlord. Just one in four had raised this with their landlord and fewer than half of them had got a positive response. Tenants who had lived in the home for longer were more likely to have made requests.

It is striking that so few tenants have asked, and a subsequent question explores why this might be. But it is also striking that even if tenants were more willing to make requests, fewer than half of landlords would carry out the improvements.

A minority of renters ask for improvements



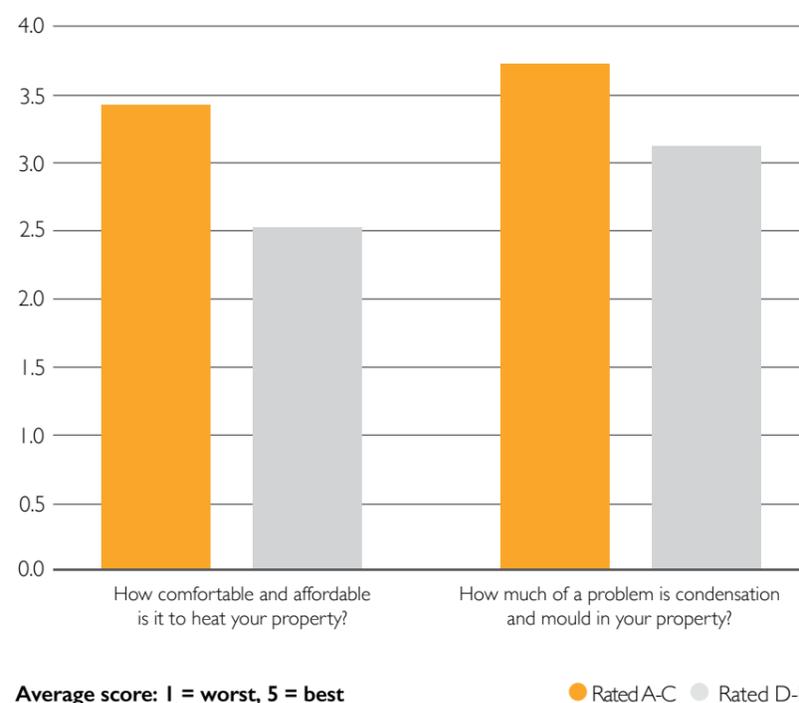
## Quality of home

Our Renters' Panel told us how easy it was to heat their home, and how big a mould problem they had, giving their answers on a scale of 1 to 5. There was a clear difference between homes rated A-C and homes rated D-F in not only heating affordability but in the scale of mould problems, with higher rated homes being cheaper to heat and freer of mould.<sup>10</sup>

This matches our expectations based on what the English Housing Survey has found and illustrates the wider health benefits that come from energy efficiency measures – as well as the more direct effect on thermal comfort.

We also note that the sample of respondents was roughly representative in terms of their home's energy efficiency rating – around a third had a home rated A-C.

Energy efficient homes mean lower bills and less mould



## Existing energy efficiency measures

While almost all Renters' Panel respondents know what type of boiler and glazing they have, and most know if they have floor insulation, just half know if they have roof insulation and less than half know if they have wall insulation.<sup>11</sup>

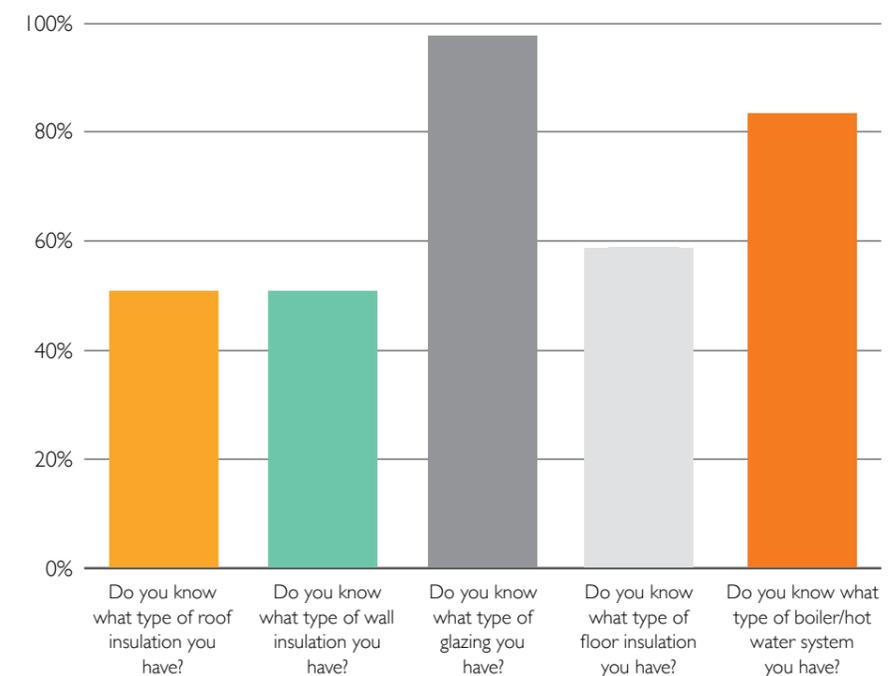
When wall and loft insulation can have one of the biggest impacts on a property's energy efficiency, the tenant's ignorance of its status could pose a significant barrier to diagnosing the problem and securing its remedy. This may be compounded by the fact that EPCs last for 10 years and do not get updated as a result of improvements – for example, an EPC could indicate that loft insulation is still needed when it has already been installed.

## Recommended measures

We asked members of the Renters' Panel for the cost of the recommendations for the landlord, and the maximum monthly savings that Simple Energy Advice gave them.

The average cost of improvements to properties rated C or above was £11,140 and the average monthly saving was £46 – which is equivalent to 20.2 years to recoup the costs. Properties rated D or below had improvements worth £15,994 on average, with monthly savings of up to £68. It would take slightly less time – 19.6 years – to recoup that investment.<sup>12</sup>

Half of tenants know if their walls and roofs are insulated



10. Generation Rent, Table 4

11. Generation Rent, Table 5

12. Generation Rent, Table 6

### Motivation to request recommended measures

Armed with a package of recommendations and costs, tenants could send this to their landlord – or even seek quotes from local tradespeople first, to make it easier for the landlord. But when we asked what panel members would do now, just 28% said they would consider asking their landlord to make the improvements recommended by Simple Energy Advice.

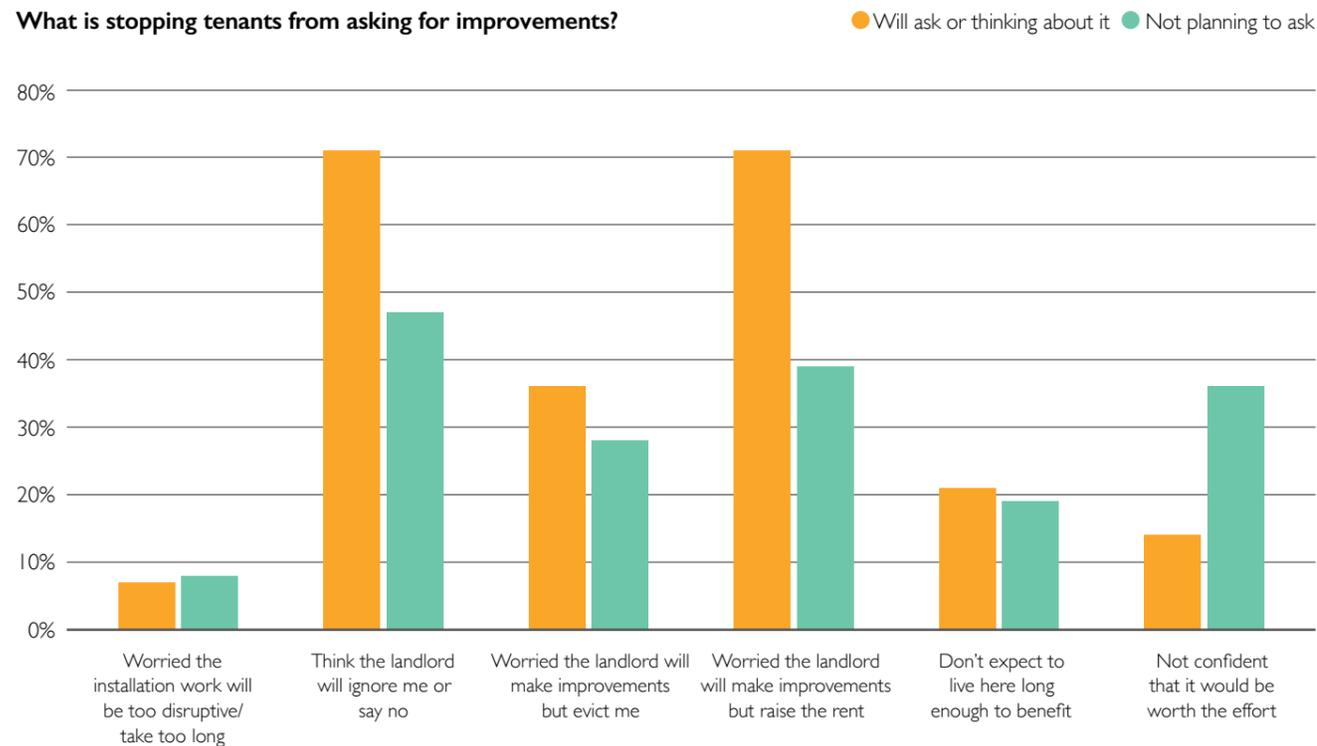
We asked what would make renters less likely to request the improvements. Half our respondents said that they feared that

if the landlord installed new measures they would raise the rent, and this was the joint most common concern among people who were considering a request.

The biggest barrier for all respondents was “I think the landlord will ignore me or say no”. Among those who had already decided not to ask, the third most common reason was “I’m not confident it would be worth the effort”.<sup>13</sup> Fear of eviction is also a factor, and the third most common among those who were considering a request. Concerns about disruption from the work itself are the least common.

**just 28%**  
of panel members said they would consider asking the landlord to make improvements recommended by Simple Energy advice.

### What is stopping tenants from asking for improvements?



13. Generation Rent, Tables 2, 7 and 8

### Comments from panel members

Finally, we asked panel members' for comments and ideas for how to raise the standard of private rented properties. Many expanded on their reluctance to ask for improvements.<sup>14</sup>

#### One panel member told us:

“I doubt I'll ask my landlady if she'll make improvements as I don't want to 'rock the boat'. I've had to move so many times that I am wary of saying anything that might get us kicked out – costing us thousands more than we would save on our bills”.

#### Another said:

“This is so low on the list of priorities for private renters. We don't get to stay put long enough for it to matter.”

#### A third felt in the dark about the costs involved:

“The advice said nothing about how to talk to my landlord about requesting that they made the improvements. In fact, it wasn't clear if it was suggesting that I paid for the improvements (which would take me over 5 years of living in the same flat to reap the reward, £1000 for £15 savings per month) or if it was suggesting my landlord should pay for it.”

#### A fourth tenant preferred not to raise the subject at all:

“Make sure landlords get information directly wherever possible. Find ways to avoid the tenant being the bearer of bad news!”

The comments also highlighted the fact that measures like double glazing can wear out, and this is not necessarily caught by the existing standards.

#### As a Renters' Panel member explained:

“We are currently in a property with a baby and the windows do not even shut as well as not being insulated. They are double glazed however are in complete disrepair as a result we have a freezing cold house. The landlord has refused to make the repairs and the local authority do not deem it a category 1 hazard therefore the Landlord is able to simply get away with this. We are left with a cold property and extortionate heating costs.”

**“I doubt I'll ask my landlady if she'll make improvements as I don't want to 'rock the boat'. I've had to move so many times that I am wary of saying anything that might get us kicked out – costing us thousands more than we would save on our bills.”**

Panel member

14. Generation Rent, Table 9

# Analysis

Our findings reveal two reasons why tenants are not applying pressure on landlords to improve the energy efficiency of their properties.

**For some, their tenure is not secure enough to assure them that getting works done will be worthwhile – they fear either that the rent will rise, removing the benefit of lower heating bills, or their landlord will evict them, either for asking for improvements or another reason.**

Other renters simply don't believe that it is in the landlord's interests to make the improvements so it is not worth doing.

We should also acknowledge that many renters do not intend to live in their present home for the long term anyway, so would be less likely to consider asking for energy efficiency improvements.

We conclude, therefore, that to deliver greater energy efficiency in private rented homes, the government must sharpen the incentive for tenants to demand improvements, through the confidence that better security of tenure provides, and by ensuring that, alongside the carrot of financial support and higher property values, there is a substantial stick to drive landlord behaviour. If there is no penalty for leaving homes draughty and cold, landlords will continue to ignore tenants' requests, or rely on regular turnover of tenants to avoid making improvements.

## Recommendations

The benefit of raising energy efficiency standards is clear: it not only reduces energy bills and carbon emissions but also reduces the prevalence of damp, which has a positive knock-on effect on tenants' respiratory and mental health. On the basis of our findings and conclusions, we have made the following recommendations to the BEIS:

- 1. Raise the legal minimum energy efficiency rating of private rented homes to C.** Higher property values, grants and tenant demand are not sufficient to drive landlord behaviour, so there must be a new legal requirement. A higher minimum standard may improve the positive incentives for the landlord as well. As demand from landlords for D/E-rated properties is removed from the market, this would depress the value of these properties, and increase the relative value of A-C-rated properties.
- 2. Effective security of tenure.** This is needed to reassure tenants who want improvements done that they will benefit. It would be achieved by abolishing Section 21 evictions and limiting the number of grounds for eviction, through the proposed Renters Reform Bill.<sup>15</sup>
- 3. Limits on rent increases.** This would ensure that renters do not bear the costs of improvements, and ensuring an unambiguous benefit would create an incentive to request them. A tenant could, in theory, challenge a rent increase at tribunal, though with the threat of a no-fault eviction this is rarely pursued in practice.<sup>16</sup> Under MHCLG proposals for tenancy reform the tribunal would decide on any increase to rents and its decision would reflect the market rent for similar properties – this may be unaffordable for the tenant affected. To maximise the incentive for renters to request improvements or seek enforcement of minimum energy efficiency standards, the government should limit increases in rent to wage inflation. There should also be no rent increases permitted if the landlord uses grants as this would effectively enrich the landlord at the state's and tenant's expense.
- 4. A higher cap on the costs that landlords are required to spend making improvements to reach a C rating.** The proposals would require landlords to spend up to £10,000 on measures to improve a property's energy efficiency

rating up to C. At present landlords must spend up to £3500 to achieve an E rating. But this cap would leave a large proportion of homes below C, and their occupiers at risk of cold and damp problems. Alongside a higher cap, there should be finance available to help cash-poor landlords make improvements – especially where their tenants are in fuel poverty.

The government should consider making landlords who need to spend more than the cap eligible for and obliged to use financial support such as low-cost loans. Currently F/G-rated properties that would cost more than £3500 to upgrade face no prospect of being upgraded even though the Green Homes Grant could make it economical if the cap were raised to £8500.

We would favour a low-cost loan to facilitate raising EER to C. That way there would be social benefit to the tenant and financial benefit to the landlord, but public money would not be used to increase landlords' wealth directly. We would support caps based on EPC ratings; and grants for addressing particularly expensive barriers to energy efficiency, such as solid wall insulation.

- 5. A register of landlords.** This would help enforcement authorities oversee compliance with the regulations. A register should be combined with a wider redress system and compliance across other legal requirements, such as gas and electrical safety, deposit protection and licensing.

Joining the register could involve undergoing a fit and proper person check, to stop criminals from letting out homes. The register would help to police the part of the sector where homes are not advertised through letting agents/portals and provide an opportunity for policymakers to understand the rental market better by tracking rents. It should be created through the Renters' Reform Bill and implemented by the Ministry of Housing, Communities and Local Government.

- 6. Rent Repayment Orders made available for tenants living in a non-compliant home.** Tenants affected by certain housing offences may be eligible for a repayment of up to a year of their rent. This is currently how tenants can get redress if they have lived in an unsafe or unlicensed home, or have faced harassment or illegal eviction. Tenants should also have the ability to access a grant to install measures themselves if their landlord is failing to do so.

## Several other measures we support include:

- Raising the maximum fine level in line with other housing law to bolster local authorities' armoury of enforcement tools, and subsequently raise it in line with inflation.
- Energy companies should play a greater role in providing information to tenants about what improvements could be made to their home, if the tenant consents to share their tenure information. Mortgage lenders and insurers should ensure their landlord customers are incentivised appropriately to make energy efficiency improvements.
- Require EPCs to be updated after installation of new energy efficiency measures. If tenants only have access to an old EPC completed before some measures were installed it would be difficult for them to understand what further measures are needed.
- All private rented properties should have an EPC. Even if there is a legitimate exemption, tenants should not be kept in the dark about the energy performance of their home, especially if the heating costs are likely to be high and not knowing this would amount to being mis-sold a tenancy.
- There should be no grace periods for landlords who buy properties with a D-G rating to let out or else this could be abused.

15. Our response to the government's consultation on these plans can be found here: [https://d3n8a8pro7vfmxc.cloudfront.net/npto/pages/7143/attachments/original/1571413849/Section\\_21\\_Consultation\\_-\\_Generation\\_Rent\\_Response\\_11.10.19.pdf?1571413849](https://d3n8a8pro7vfmxc.cloudfront.net/npto/pages/7143/attachments/original/1571413849/Section_21_Consultation_-_Generation_Rent_Response_11.10.19.pdf?1571413849)

16. Just 248 decisions on rents relating to assured shorthold tenancies were heard by the Property Tribunal in 2019, according to the Ministry of Justice <https://questions-statements.parliament.uk/written-questions/detail/2020-10-22/107647>

# Summary of findings

We asked members of Generation Rent's Renters' Panel to go through the Simple Energy Advice website tool<sup>17</sup> and then answer a series of questions about their home, experiences and what information the website gave them.

Six respondents completed an early version of the questions, which didn't include some questions and responses. The full set of questions was completed by 45 panel members. A summary of responses is as follows:

**Table 1: length of tenure**

How long have you lived in your home?	Responses	Percentage
Less than two years	14	27%
Two to four years	14	27%
More than four years	23	45%
Total responses	51	

**Table 2: past requests for improvements**

Have you asked for energy efficiency improvements (e.g. new boiler, insulation) from your current landlord before?	Lived in home less than four years	Lived in home more than 4 years
Yes, and the landlord made some or all of the improvements	3 (11%)	3 (13%)
Yes, but the landlord did not make any improvements	3 (11%)	5 (22%)
No, did not think they would do it	13 (46%)	7 (30%)
No, have not considered it	9 (32%)	7 (30%)

**Table 3: EPC rating of home**

Do you remember the EPC rating that Simple Energy Advice gave you?	Responses
A	1
B	3
C	11
D	16
E	7
F	3
G	0
Don't know / property doesn't have one	10

**Table 4: Experience of heating and mould**

Average score 1=worst; 5=best	Rated A-C	Rated D-F	Difference
How comfortable and affordable is it to heat your property?	3.4	2.5	0.9
How much of a problem is condensation and mould in your property?	3.7	3.1	0.6

**Table 5: Awareness of existing energy efficiency measures**

Simple Energy Advice asked you questions about your home and we would like to know if you were able to answer them.	Able to provide answer	Percentage	Don't know
Do you know what type of roof insulation you have?	25	51%	24
Do you know what type of wall insulation you have?	22	44%	28
Do you know what type of glazing you have?	49	98%	22
Do you know what type of floor insulation you have?	27	59%	19
Do you know what type of boiler/hot water system you have?	43	84%	8

**Table 6: Measures recommended by Simple Energy Advice**

What improvements did it recommend that your landlord carry out?	Rated A-C	Percentage	Rated D-F	Percentage
Wall insulation	7	47%	16	59%
Roof insulation	5	33%	7	26%
Double glazing	4	27%	15	56%
Low carbon heating	3	20%	4	15%
New Boiler	10	67%	17	63%
Heating controls	11	73%	17	63%
Average cost of works	£11,140		£15,994	
Average maximum monthly savings	£46		£68	

**Table 7: Intention to ask for improvements**

Do you think you will ask your landlord to carry out the improvements?	Responses	Percentage
Yes, I'm going to ask the landlord directly	2	4%
Yes, I'm going to get quotes from tradespeople first	2	27%
I'm thinking about it	10	20%
No	36	72%

**Table 8: Measures recommended by Simple Energy Advice**

Is there anything that is stopping you from asking your landlord for energy efficiency measures?	Will ask or thinking about it	Percentage	Not planning to ask	Percentage
I'm worried the installation work will be too disruptive/ take too long	1	7%	3	8%
I think the landlord will ignore me or say no	10	71%	17	47%
I'm worried the landlord will make improvements but evict me	5	36%	10	28%
I'm worried the landlord will make improvements but raise the rent	10	71%	14	39%
I don't expect to live here long enough to benefit	3	21%	7	19%
I'm not confident that it would be worth the effort	2	14%	13	36%

17. <https://www.simpleenergyadvice.org.uk/energy-efficiency/home-improvements>

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# Are you a private renter? Join our Renters' Panel

Sign up at [www.generationrent.org/renter\\_panel](http://www.generationrent.org/renter_panel)

We like questions. If you've got one about our research or would like to join our Renters' Panel, we'd love to hear from you.

Generation Rent represents the UK's 13 million private renters and campaigns for safe, secure and affordable homes.

The Renters Panel is a group of ordinary renters around the country who Generation Rent calls on to test out policy ideas, initiatives and services aimed at renters to see if they actually help improve life for Britain's renters.

**For more information please contact:**

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