



- Long Term Let > 140 properties
- 63% tenants > 10 years
- Started renovating 15 years ago
 - Improve quality of housing
 - Keep tenants
- 90% Properties – off gas grid

Initial target **EPC Band D by 2025** ✓

Now proposal **EPC Band C by 2025** on change of tenancy. All houses by 2028 ✗

Most Off Gas Grid Rural Hard to Treat Housing will Require £10,000 spend and still not reach **Band C!**



Our Housing Strategy Pre EPC Target Setting

Full renovations (2 per year) create high quality energy efficient homes

Minor Renovations: Any kitchen/bathroom replacement - insulate external walls

How our Strategy Changed : Points vs Performance

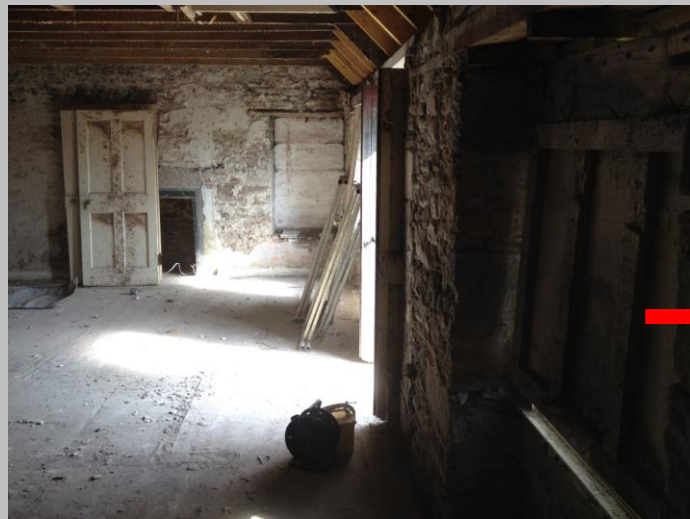
Looking only at achieving target – not the right Environmental Decisions

Not looking technically at U values/ building performance

Will deliver less overall energy savings

Will put upward pressure on rent of discounted long standing tenancies

Biggest challenge yet for rural housing



BUILDING HEAT LOSS

25 % Roof

10-15 %
Windows/Doors

35 % Walls

10-15 %
Floors

Rest:
draughts/ventilation



Some EPC Challenges

- **Carbon Agenda VS Fuel Poverty** don't marry - **Electric Heating** more renewable than oil or gas (**Performs the Worst**)
- EPC Methodology changes over time – don't be complacent about your EPC band
E.g. If your EPC was done Pre 2012 prepare to drop a Band with a new EPC
- EPC Methodology not Fit for Purpose e.g. renewables wood boiler only performs well connected to more than one house. Fully renovated and insulated house on a renewables boiler achieved an E. Moved to D when another house connected to the boiler.
- Poor Quality of Surveyors – inaccurate results. Ask for the data input sheets and query them

Beware of Grant Scheme Surveyors !

- Grant Funded EPC Measures: No quality control, Poor workmanship, Remedial repairs almost ALWAYS required
Examples: Loft venting issues, Cavity wall issues, Room in the Roof not effective
- EPC's changed and logged on the register without our knowledge.
Check your EPC online www.scottishepcregister.org.uk
 - Evidence needed to prove what property looked like before (will not accept a previous EPC as evidence)
 - Very difficult to get a surveyor struck off – seems only way to return to original EPC
 - Major issue if we are going to get fined if we have not spent 10K or achieved a Band C

Some EPC Challenges

➤ Costs Outlined in the EPC don't marry with REAL costs

Example : Insulating floor of 61m² traditional cottage

- **EPC COSTS:** Current EPC states £800- £1200 to insulate all floors in the property
- **ACTUAL COSTS:** £3579, Cost of EPC Estimate x 3

Provide chipboard to refloor	£804
Cost of Insulation	£635
Labour @ £20/hr + VAT	£1,920
Disposal Costs/Other	£240
Total Cost to Insulate Floors	£3,579

➤ Hidden Costs

£10,000 is for EPC measures only. E.g. It covers strapping and insulating a wall but may exclude taping/filing, painting, recarpeting . Real costs could be closer to £13 - £15,000 per spend.

➤ No Return on Investment – insulated walls don't justify a premium on the rent

ADVICE: KEEP A LOG OF ALL SPEND NOW INCLUDING AUXILLIARY ITEMS (e.g. trims if fitting UPVC door). Get your contractors to itemise any insulation work on their invoices

Moving the Goalposts: Aiming for EPC Band D for over 4 years

➤ ***Band D relatively achievable (on oil)***

Top up Loft to min 270mm (no additional points for more insulation)

Install High Efficiency Combi Boiler

Heating Control: Ensure all radiators have TRV's. Put in a room thermostat/s (can give up to 5 points)

Fit draft proofing to windows / possibly UPVC door

Ensure all lightbulbs energy efficient

Insulate a couple of walls or a floor

➤ ***Band C very difficult to get unless you have mains gas – not for 10K***

Full internal rebuild. Insulated all floors , walls, loft and doors and windows and it still may not be enough.

➤ **Exemptions:** Full chartered surveyor technical surveys. No ability to reuse (same build type properties). Exemption not indefinite.

➤ **No account is taken of landscape constraints.** E.g. EPC proposed a wind turbine in SSSI site, No account taken of building listing when proposing measures e.g. UPVC glazing in A listed building

➤ Rural Vs Urban Housing should be split as the challenges are so different

OFF THE GAS GRID.....THE HEATING CHALLENGE

- Most of Scotland's Electricity comes from Renewable sources. Why is electric heating the worst performing heating for an EPC when it is one of the most environmentally sustainable?
- Moving to thermostatically controlled electric heating systems like Fischer and Sunray. Good pre: Covid. Somewhat disastrous now. Heating performance tariff driven and no off-peak rate for this heating.
- Heating Performance driven by unit cost in tables loaded into EPC Databases. High efficiency oil boilers still perform well but as prices rise they may cease to. Its difficult to make heating system decisions (and investment decisions) when you don't understand the future landscape. ALSO: A bad environmental decision!
- Combining Electric Heating with Woodburning stoves counts as a poor secondary heating reducing your EPC
- Too much unknown about solar battery storage. We are exploring this. Due to the cost of batteries we are looking to combine properties. No idea if this will work
- Investigated Far InfraRed - not suitable for small cottages
- Skill shortage in all renewable energy – solar, ground source heat, air source pumps. Retrofitting is hard

What is the Solution???

Quick (ish) Wins

- Switch to High Efficiency Combi Boilers where possible (private water may require a pump for pressure)
- Top up the loft to 300mm
- Heating Control: Fit a Room thermostat , TRV's on your radiators
- Draft Proofing windows can have same impact as double glazing for EPC
- If you are doing work anyway (e.g. fitting a kitchen) insulate external walls (even if you bond a thin insulation layer)
- UPVC door with draught proofing – same impact as full double glazing
- Check the class of window you are fitting or you could fully double glaze and still be marked as “partial”
- Energy Efficient Lightbulbs

Energy Improvement can bring Condensation Damp Issues

- Kingfisher Thermal paint works well particularly in bathrooms it has a minor improvement on the U value so doesn't count on the EPC but we have found it very good in dealing with condensation issues
- Positive input ventilation systems (like Envirovent) can have a large impact on properties with condensation and don't appear to affect the EPC. But beware – there are some serious constraints
- Look for the weakest point - Damp will travel to the coldest part of the room. Room still needs to breathe!

No time For Planning – Business Risk

- EPC Targets advised for years – still not passed by parliament.
- Timescales to meet Band C by 2025 on change of tenancy too short
- EPC measures are far more cost effective when the property is empty.
- Concern for the impact of 10K spend per property on business cashflow. Will houses be sold?
- Will being proactive as a landlord now count against you? Will past spend be recognised?
- Impact of Rent controls : *New Deal for Tenants Consultation* vs 10K spend per property
- **Who turned up the cost of Wind?** Scotland describes itself as the Saudi Arabia of wind. An enormous stick is being used to drive landlords into making improvements to address fuel poverty. Our greenest form of energy is our most expensive and the EPC methodology penalises it.
- Trades and Material Constraints – Look at what happened post Covid!
- In a rising property market are landlords just cashing out?

What Now?

- Be cautious with bigger spend items like replacement of oil boilers
- Keep a note of all your spend to date (photographs are helpful too)
- If using grant funding for measures – ensure you have a trusted trade to check the work as soon as it is complete
- Gather information . We do not recognise the cost of improvement measures in the EPC's as even close to reality. Landlords need the information to inform Scottish Government about the real costs