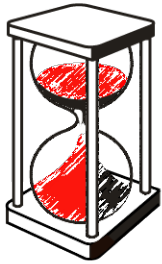




Housing Crisis: Efficiency Opportunity

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Energy



Crisis and opportunity

Cris-a-tunity



Danger

Opportunity



Political minefields





What housing crisis?

- Housing unavailable or unaffordable, particularly family sized homes.
- 744,000 households living in over crowded conditions.
- 21% of 18 to 44 year olds admit they are delaying starting a family due to a lack of affordable housing.



What is causing the crisis?

- Just 130,000 homes built in 2011/12 compared with a peak of 230,000 before the financial crisis.
- Rising population and decreasing household size
- Ageing populations have more adults who need more space



Supply side solutions

Boost house building by:

- Relaxing planning rules
Building regulations the next target?
- Government backing for high loan to value ratio mortgages
More irresponsible lending?



Demand side ideas

Use what we have more efficiently:

- Empty homes (725,000 beds)
Empty for a reason?
- Second homes (223,000 beds)
Small scale, localised problem
- *Under occupied homes (13,600,000 beds)*
Surely some of these could be brought into use?



Downsizing

- Moving to a smaller home (downsizing) after retirement is uncommon in the UK when compared to other EU member states
- 85% of 3 or more bedroom homes owned by older households that come onto the market do so because the owner has died.



Why do people downsize?

- Release equity
- Reduce running costs
- Move to a property which is:
 - Easier to maintain (cleaning/gardening)
 - More accessible in old age with reduced mobility



Why don't people downsize?

- Manage fine where they are
- Emotional attachment to home
- Lack of suitable retirement properties
- Cost and hassle of moving
- Disposing of treasured furniture and possessions



How much potential for downsizing?

- Looking only at older households
- 2.3 million could downsize
- Reducing floor area by 64 m² on average
- Releasing £307 billion in property value
- £134,000 per home on average



What about energy efficiency?

- Three main areas to consider
 - More efficient occupancy of existing stock reduces demand for new build homes
 - Heating energy use in buildings depends on who occupies them
 - Energy refurbishment rate may also depend on who occupies the home



Reduced demand for new homes

- Downsizing leads to a denser occupancy of the housing stock
- Increases demand for smaller homes
- Decreases demand for larger homes
- Average downsize avoids in the region of 90,000 kWh in embodied energy costs

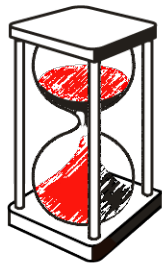


Heating use

- Who uses more heating energy – old or young?

Factor	Young	Old
Temperature	Grown up with higher temperature	Reduced mobility may require higher temperature
Heating hours	Generally out more	At home more
Partial heating		Some rooms left unheated

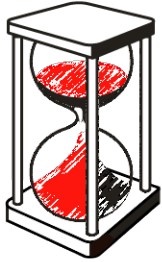
- Family spending survey shows older people use less energy overall
- When heating is taken alone and property size adjusted for they use similar levels per m²



Influence on energy refurbishment

- Who is most likely to improve the efficiency of an old home – younger or older?

Factor	Younger	Older
Uptake of past efficiency programmes		Huge targeting of this group
Hassel factors	Less time	Less amenable to change
Finance available	Greater disposable income, lower savings	Substantial savings, decreasing



Trigger points

- Emphasis on more intrusive efficiency improvements may be reliant on harnessing 'trigger points'.
- Older household move more rarely
average length of residence is 23 years compared to 8 years for under 60s
- Kitchen/bathroom refurbishment also drops off with age
Kitchen replaced every 14 years compared to every 11 for under 60s



Policy examples

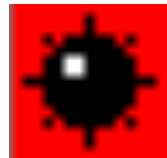
- What is happening in the UK to help and encourage downsizing?
- What more could be done?
- What is our role in this?
- Where are the landmines?



Awareness and information

- FirstStop advice service part of National Housing Strategy 'New deal for older peoples housing'
- Focus currently on older old in distress

Should downsizing be part of efficiency advice or should efficiency be part of downsizing advice?



Advice or guilt trip?





Financial incentives

- London Borough of Camden offers up to £15,000 for older social housing residents to move to smaller properties.
- Oldham council £1,000

Tax breaks on property tax for downsizers would be a visible signal



Incentive or bribe?





Practical help

- Many councils offer downsizing help services to council tenants
- London Borough of Redbridge FreeSpace scheme also helps owner occupiers
- £25,000 interest free equity release for refurbishment

What could you do with a £25k refurbishment budget?



Excessive state interference?

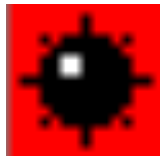




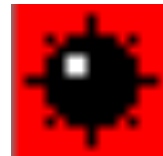
Legislation

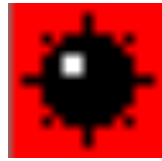
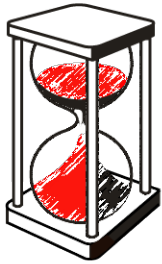
- Lifetime Homes standard
- 16 improvements to new build homes
- Requirement set by local authority

A standard for existing dwellings including efficiency requirements?

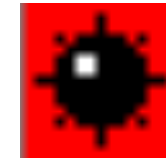
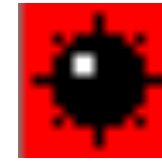


More regulation and red tape?



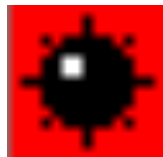


Compulsion



- “The Bedroom tax”
- Housing benefit will only cover whole housing cost if no spare rooms
- Working age claimants only

Council tax incentives to downsize as well as improve efficiency?



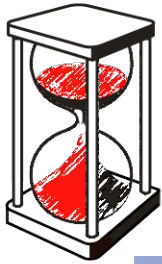
You must be joking





Conclusion

- Changing attitudes to downsizing will be an important social policy as our population ages
- There are gains to be made for energy efficiency by working with the big picture
- We cannot avoid difficult issues forever
- Sensitivity is required!



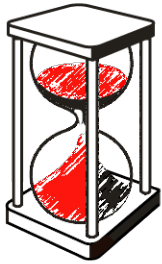
For discussion...or not



I hear downsizing can be very green..

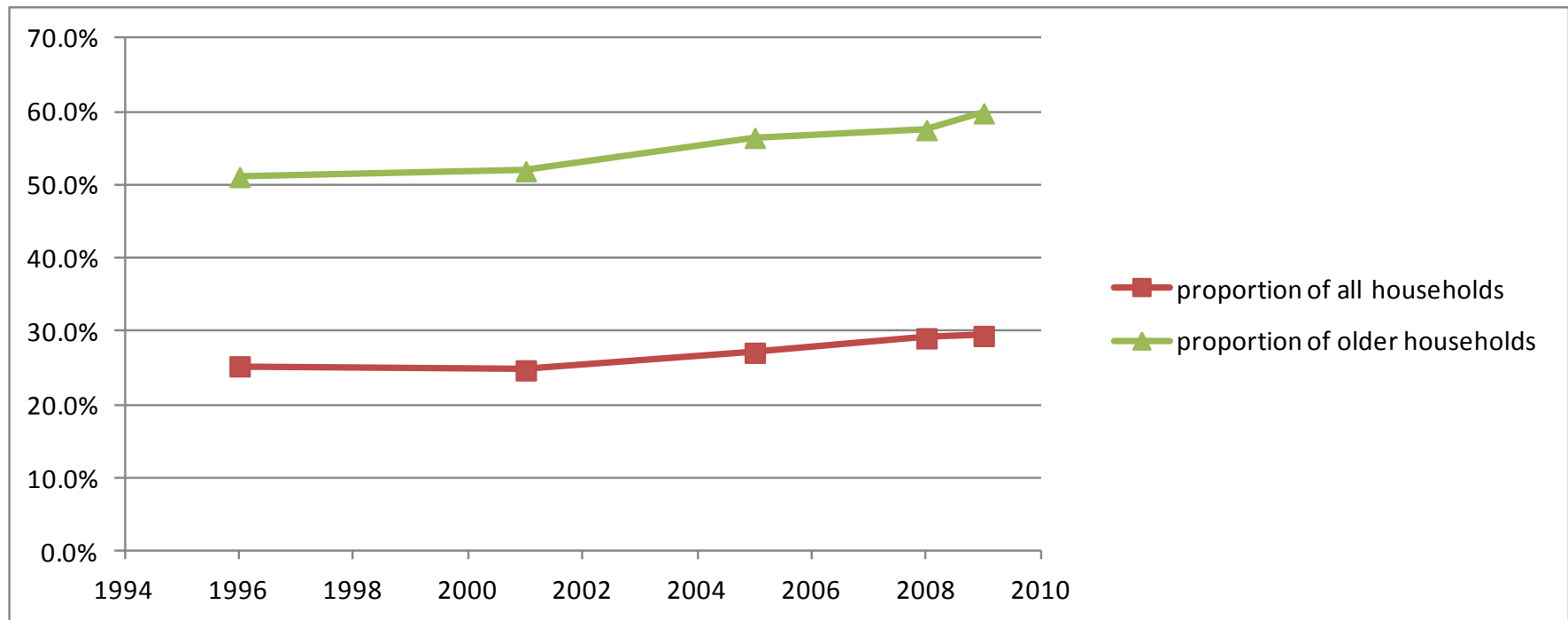
Some things are not up for discussion my dear

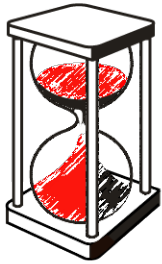




Trends in occupancy

Between 1996 and 2009 the number of older households living in 3 bed homes rose by 886,000 (68,000 per year) – *Source English Housing Survey data*

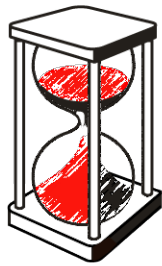




Downsizing (cont..)

Age of HRP	Households that have moved home in the last 10 years (000s)	% of age group that have moved home in the last 10 years
55-64	760	33%
65-74	700	29%
75-84	430	23%
85+	120	18%
Total	2,000	28%

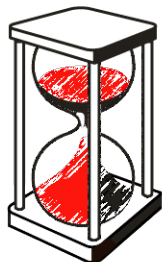
Number of older households moving home in the last 10 years, source average of EHS 2009 and 2010



Downsizing choice basis

	Couple	Single person
Not low income (> 60% of median income)	3 bedroom property	2 bedroom property
Low income (\leq 60% of median income)	2 bedroom property	1 bedroom property

- 30% reduction in property floor area minimum
- Main earner over 60 with no dependent children



Downsize potential based on EHS analysis

Target group	Number of households in group (thousands)	Number of households with potential to downsize (thousands)	Proportion of group with potential to downsize	potential reduction in floor area (millions m ²)	average floor size reduction (m ²)	potential property value unlocked (£billions)	average property value released (£)
Social housing	651	123	19%	4	36	7	55,284
Private renters	324	97	30%	6	64	12	124,144
60 to 74, higher income	2,623	628	24%	56	89	121	192,855
60 to 74, low income	1,125	609	54%	32	52	61	100,053
75+, higher income	935	162	17%	18	112	43	264,473
75+, low income	1,021	667	65%	29	44	63	94,584
Total	6,680	2,287	34%	146	64	307	134,219