

The existing homes alliance

31 March 2009

Rt. Hon Alistair Darling MP
Chancellor of the Exchequer
HM Treasury
Horse Guards Road
London
SW1A 2HQ

Dear Chancellor,

We are writing jointly as members of the Existing Homes Alliance (ExHA)¹, a coalition of organisations, calling for urgent action to reduce carbon emissions from the UK's housing stock. Our existing housing stock is responsible for 27 per cent of the UK's total carbon emissions and that around 85 per cent of the stock will still be standing in 2050. It is imperative that action is taken now to reduce this level if the Government is to achieve its target to cut carbon emissions by 80 per cent by 2050. For this reason, we urge you to use the budget to promote a low carbon economy by stimulating a green retrofit programme of the UK's existing homes.

We welcome the Prime Minister's declaration at the Low Carbon Summit that the Government is committed to a 'green new deal' and to building a 'green economy'. The ExHA shares these commitments and wishes to collaborate in bringing them about. According to Stern et al (2009)², investing in energy efficiency of the UK's housing stock is one of the best ways to stimulate the economy and reduce carbon emissions. However, if we are to bring about greener, more energy efficient homes the Government will need to set out a range of new incentives of sufficient scale, ambition and urgency to deliver the 'green new deal' and the 'green economy' in housing.

¹ The ExHA is working with all sectors to develop an ambitious programme of low carbon refurbishment across the UK's housing stock (and the role each sector can play in making this a reality), in line with the UK's need to cut carbon emissions by 80% by 2050.

www.existinghomesalliance.org

² Bowen A, Frankhauser S, Stern N and Zenghelis D (2009), *An Outline of the case for a 'green' stimulus*

We welcome the proposals in the recently announced Community Energy Savings Programme (CESP) and the draft Heat and Energy Saving Strategy (HESS) but feel they rely too heavily on action by energy suppliers. Due to the small scale (in the case of CESP) and the delay to delivering significant numbers of whole house refurbishments until the second half of the next decade (in the case of HESS), such schemes can only go so far.

We believe there is a massive potential to unlock further large-scale investment in the UK's existing housing stock from both home owners and landlords. To do that, the Government needs to incentivise action on carbon saving, and make investment possible by increasing support and enabling easy access to upfront capital to pay for measures. Additional incentives, and support for new financing arrangements for retrofitting measures, are essential if the Government is serious about developing a green economy and meeting its carbon reduction targets for 2020 and 2050. Without such measures, neither target will be readily achieved. In addition it needs to be augmented by a large-scale training programme in energy efficient building skills as current capacity within the industry is not sufficient to cope with the challenge ahead. At a time when unemployment figures are at their highest for well over a decade, this would provide much needed stimulus for the labour market.

Fiscal measures we would like the Government to consider as part of a wider 'policy package'³ include tax incentives (such as stamp duty or council tax rebates), a cut in VAT on property refurbishment⁴, low interest rate loans and grants to stimulate significant additional spending on domestic energy efficiency in the UK's housing stock. Detailed work is currently underway by members of the Existing Homes Alliance, showing how different Government-backed financing models can work and we would be pleased to present these to Treasury officials. Experience from other countries, most notably Germany, shows that investment in the environmental performance of the existing stock acts as a real boost for jobs within the 'green economy'. It will also help householders to significantly reduce their heating bills, at a time when many are experiencing tighter budgets and contribute towards the eradication of fuel poverty.

As bodies representing a large part of the housing sector we therefore urge you to use the Budget next month to announce significant new financial measures

³ In line with our *Declaration on the future of existing housing* such a policy package would include: (i) wide range of financial incentives and measures, (ii) availability of comprehensive energy consumption data to inform policy decisions, (iii) minimum energy performance standard (voluntary at first but mandatory in the medium to long-term) cumulating in a low-carbon refurbishment standard along the lines of the zero-carbon new build policy, (iv) public information campaign to communicate the benefits of low-carbon homes, (v) major programme of up-skilling the building trade in low-carbon refurbishment techniques, (vi) incentives for the industry to drive innovation. http://www.existinghomesalliance.org/declaration_dec.php

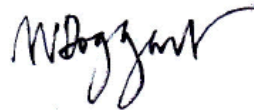
⁴ Following the recent EU ruling, the UK has now the option to charge VAT on home maintenance and repairs at a reduced rate of 5%.

aimed at reducing carbon emissions from the existing housing stock. We believe that it is vital that the Government acts without further delay, and that the Budget presents the ideal opportunity to help deliver a 'green new deal' and to put the UK on a path towards a 'green economy'.

Yours sincerely,



Colin Butfield
Chair
Existing Homes
Alliance



John Doggart
Chairman
Sustainable
Energy Academy

Sarah Webb

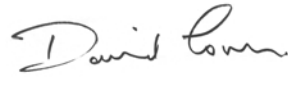
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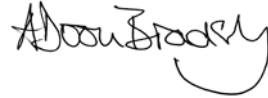
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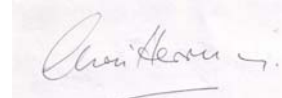
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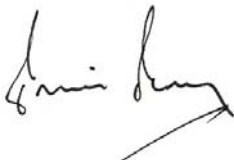
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