

# Smaller housing associations and the road to zero carbon

March 2022

## Introduction

In 2021, the National Housing Federation worked with our membership to develop [Decarbonisation: a guide for housing associations](#). This was published in October 2021 alongside a report from Savills about [the costs and funding options for the sector](#). On the same day, the government published their landmark [Heat and buildings strategy](#). The core messages from these documents apply to all housing associations but decarbonisation and sustainability have additional implications for smaller housing associations.

Smaller housing associations have always had – and will always have – an incredibly important role to play in the provision of housing and many services, including specialist, supported and general needs housing, to community engagement in cities, towns and rural areas alike. Many smaller housing associations operate with a much smaller staff and this can lead to capacity and resourcing implications, particularly when faced with large-scale change such as the decarbonisation of homes.

While smaller housing associations are included in our [Sustainability Strategy Group](#) (the national member group that guides our work in this area), as part of our wider work on sustainability, we organised a series of discussions with members of the [National Smaller Housing Association Network](#), as well as a series of task and finish meetings on decarbonisation for smaller members, supported by [SHIFT Environment](#). Through these discussions, we identified common barriers to decarbonisation and have used that information to develop a package of support that we hope will better enable our smaller members to navigate the challenges they face in decarbonising their homes.

This briefing explores the policy context and challenges raised by our smaller members during these conversations, and importantly, outlines the support the National Housing Federation can provide on the road to zero carbon.

## The challenge for all housing associations

[Decarbonisation: a guide for housing associations](#) sets out the strategic approach housing associations should be taking.

The Heat and buildings strategy is the primary government document setting out what must be done to decarbonise housing association homes. Our [Heat and buildings strategy briefing](#) includes a timeline of key strategic dates.

For the UK to meet its target of net zero carbon emissions by 2050, all homes must be brought up to the EPC C efficiency standard by 2035 by installing better insulation and low carbon heating technology. All [fuel poor homes](#) must be brought up to EPC C sooner – by 2030. The government is planning to issue a consultation on setting a minimum energy efficiency standard for social homes later in 2022. This is likely to require all social homes to be certified EPC C by 2028 or 2030 at the latest. Currently, the government has set an additional space-heating target for all social homes treated through the Social Housing Decarbonisation Fund. In these homes, the amount of energy required per square metre to maintain a comfortable room temperature must not exceed 90kwh per square metre per year. This might be a useful additional target to EPC C.

The government has committed to making £800m available to social landlords between 2022 and 2025 via the Social Housing Decarbonisation Fund, to support the installation of insulation and low carbon heating technologies. There may be other opportunities for government funding through the Energy Company Obligation and the Home Upgrade Grant – but at the time of writing, this is yet to be confirmed. Meanwhile, we recommend focusing on the Social Housing Decarbonisation Fund.

The [Future Homes Standard](#) will be introduced from 2025 and will require all new homes to meet a minimum standard for energy efficiency with low carbon heating installed (usually a heat pump). Where possible, housing associations should implement this sooner rather than later to avoid a costly retrofit in future. For homes that are off the gas grid, the government will, from 2026, require that fossil fuel heating systems, when they come to the end of their natural life, are replaced with electric heat pumps.

New builds and communally heated blocks of flats in urban areas may be required to connect to district heating networks from 2025.

## **Additional challenges for smaller housing associations**

Smaller housing associations have flagged the following as challenges that are specific to, or particularly significant for smaller housing associations.

### **Capacity and resource**

Employees of smaller housing associations often take on many roles in relation to the operational running of an organisation. The chief executive, for example, may be responsible for more than just strategic level decision-making and many members have told us they 'wear many hats' when it comes to their roles. Inevitably, this leads to capacity and resource issues and it would be rare for a smaller organisation to appoint a member of staff whose sole focus is sustainability. This can lead to difficulty in delivering large-scale decarbonisation projects. Smaller housing associations may need to seek advice outside their organisation, which can incur additional costs and difficulty selecting suppliers.

### **Skills gap and sector competition**

At present, there are not enough skilled workers to support energy efficiency strategies to meet net zero demands. Getting people to do the work is a particular challenge and the housing sector generally is still waiting for supply chains to meet demand. With such a small pool of skilled traders, there are concerns that smaller housing associations are at a disadvantage when competing against larger housing providers, and that this is leading to high costs and difficulty in securing contracts.

### **Access to funding**

Housing associations have access to government funding for retrofit through the Social Housing Decarbonisation Fund but specific support is required to assist with access to this fund. Smaller housing associations often have fewer employees and unlike some larger organisations, they would rarely have a member of staff dedicated to applying for funding.

### **Stock profile**

Upgrading the insulation and heating in mixed tenure blocks can be complicated, particularly when social homes share some of the same structure as privately owned homes. Smaller housing associations have told us that this is likely to be a challenge

where the acquisition of properties here and there has resulted in a ‘patchwork’ portfolio of properties.

## Heritage properties

Retrofit in some homes may be limited by planning permission, depending on the nature and scale of the changes needed. This could be an issue particularly when it comes to installing heat pumps, external wall insulation and solar (PV) panels. Permitted development rights for certain types of work are often more restricted in designated areas. There are different requirements again if the property is in a listed building or is a home with historical interest. Members have told us they face similar issues with matters relating to building safety (such as fire doors).

## Financial pressures

The current cost of decarbonising homes can be prohibitive when housing associations are planning over a 30-year period. For smaller housing associations, access to additional funding for decarbonisation work will be essential.

## Addressing these challenges

Given the challenges that smaller housing associations face, we are keen to work with NHF members on their journey to net zero. We will continue to engage with members via the [National Smaller Housing Association Network](#) and other forums as the policy environment evolves. Some of the key elements of the support that exists on decarbonisation are set out below.

## Policy solutions

We have recently begun a new piece of work on ‘hard to decarbonise’ homes, which aims to:

- Establish a minimum space heat demand threshold to aim for when retrofitting homes. This should help ensure affordable energy bills for residents.
- Determine the numbers and types of homes that may struggle meet that threshold.
- Better understand the barriers to meeting this threshold.
- Identify policy and funding solutions to help the sector manage hard to decarbonise homes.

We will establish a dedicated working group to ensure smaller housing associations can help shape this project. The group will consist of members of the NHF National Smaller Housing Association Network, who will feedback into the national group. Smaller housing associations are also represented on the [Sustainability Strategy Group](#), which guides our work in this area.

There are other more specific areas of policy work that will be of interest, including:

- [Our response to the government's consultation on off-gas grid homes.](#)
- [Our summary and response to the government's Heat and buildings strategy.](#)

## Funding

The NHF have worked with the Department for Business, Energy and Industrial Strategy (BEIS) to deliver a series of workshops to design wave two of the Social Housing Decarbonisation Fund. A working group representing smaller housing associations will be invited to attend specifically tailored workshops and these will address the key challenges outlined by the sector with regards to access and delivery of funding.

## Building networks, skills and expertise

We have used feedback from smaller housing associations to build an online '[decarbonisation hub](#)'. This is the 'go to' place for a resources and information on decarbonisation. The hub includes:

- [Decarbonisation: a guide for housing associations.](#)
- [Tools and resources.](#)
- [Best practice case studies.](#)
- [Everything you need to know on policy and funding.](#)
- Upcoming member events.
- Our new sustainability newsletter.

We will continue to share learning from housing associations who are leading the way on decarbonisation. We typically do this through the [National Asset Management Network](#).

We run webinars on topics informed by the sector, for example, a [look at the heat pumps and other green tech](#). [All webinar recordings are available on our website.](#)

Our carefully selected suppliers offer a range of products and services to support members and the work you do. We are growing our offer on decarbonisation, so keep [checking this page for more details](#).

We have worked with the Social Housing Retrofit Accelerator to shape support to the sector around skills, knowledge, collaboration, bid-writing and partnership-building with local authorities around the Social Housing Decarbonisation Fund. [These workshops are free for all housing associations.](#)

In addition to workshops and events, they have a range of practical tools for housing associations on [their website.](#)