

The Rt Hon Rachel Reeves
HM Government
11 Downing Street
London
SW1A 2AB

11 October 2024

Dear Chancellor of the Exchequer,

We're writing to you from Mortgage Advice Bureau (MAB) as part of a group of leading businesses in the housing sector to express our concern about the pace of progress towards the decarbonisation of UK housing stock.

Despite the previous UK Government setting a goal to ensure that most homes achieve an Energy Performance Certificate (EPC) rating of C or above by 2035, 60% of our housing stock remains below this standard.

16 million properties in England and Wales will require retrofitting to meet this EPC benchmark. This undertaking is crucial if the UK is to fulfil its obligations under the Paris Agreement.

Direct emissions from buildings have exceeded 85 MtCO₂e, with a significant proportion attributed to the burning of fossil fuels for heating. Buildings are also responsible for nearly 60% of the UK's electricity consumption. Any meaningful reduction in national emissions must include a robust strategy to decarbonise the buildings sector.

Given the scale of this challenge, potential and existing homeowners will require far greater support and incentivisation than what is currently being offered through existing lender schemes.

MAB joins many other industry stakeholders in urging the UK Government to introduce more robust incentives, such as a Stamp Duty rebate and expanded green financing options. These measures are essential to promoting the widespread adoption of energy efficiency improvements and low-carbon heating solutions, thereby ensuring that our housing stock is fit for the future.

The Government intends to reintroduce the requirement for landlords to ensure their rental properties attain at least an EPC rating of C by 2030, and this is certainly positive. However, we must recognise that in many instances, these upgrades will be substantial, potentially exceeding previous cost caps for landlords. Careful consideration must be given to how these costs are managed, preventing undue financial burdens from being passed onto tenants via increased rents.

It's imperative that the Government also recognises the residential sector. Sooner or later, first time buyers and homemovers will face the need for significant investment to upgrade their homes. This need is particularly pressing following the rise in the energy cost cap. To keep heating and energy bills sustainable in the long term, homeowners will need to invest in improved insulation and potentially explore alternative heating and energy sources, amongst other measures.

While we acknowledge that certain legislation is already being considered, collectively more needs to be done. In terms of potential Stamp Duty incentives, a number of avenues could be pursued.

Homeowners could receive the full Stamp Duty amount back once retrofitting works have been completed. Alternatively, any improvements made could entitle homeowners to a rebate that covers the costs, which is taken from the Stamp Duty that has been paid. Moreover, homebuyers who purchase properties with an EPC rating below C and subsequently retrofit them could be eligible for a Stamp Duty rebate, with the amount determined by the improvement in the property's energy efficiency rating.

The housing sector is committed to working with you, your department, and your officials to accelerate the improvement of energy efficiency in the UK housing stock. This will not only benefit homeowners and renters by reducing their energy bills and carbon footprint, but also contribute to a more sustainable and resilient economy.

A more energy-efficient housing market can stimulate investment in green technologies, create jobs, and reduce our reliance on fossil fuels further. Our businesses are dedicated to driving positive change in the housing sector, and we're prepared to work closely with you to achieve these goals.

Yours sincerely,
The undersigned



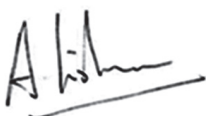
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Tim Wheeldon
CEO, Fluent Money



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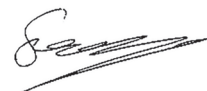
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