Improving the Energy Efficiency of private rented housing: Evidence From the UK and New Zealand

Aimee Ambrose-
Sheffield Hallam University, UK
Why listen?

Affecting more and more of us
What's the problem?

F-E-A-R!
Reliance on the sector to provide housing
Remember....

Solutions must be embedded in a thorough understanding of context
What did I do?
What did I do?

• Understanding how landlords approach decisions about EE investment
• 30 in-depth interviews with many different landlords, letting agents and local stakeholders
• Together they help us appreciate the importance of context and culture...
Why did I do it?

• The need to improve conditions in UK and NZ's PRSs is **URGENT**
• ...as it becomes a long term destination
• To solve it, we need to **understand landlords better**...
Why did I do it, there?

• High levels of **fuel poverty**
• **Old, cold, costly** housing
• **Low expectations** of warmth
Aims

1. add depth and detail to our understanding of the problem
2. better understand business models
3. test the principal-agent thesis
What did I expect to find?

• Used to explain landlords' aversion to investment in thermal and energy performance

Principal-agent.....
Tenants (principals) are poorly informed about EE and unlikely to pay a premium for it. Knowing this, the landlord (agent) is unwilling to invest in EE as they will not recoup the cost.
Principal-agent: a brief critique

• Oversimplifies and
• ...assumes economic rationality (IEA, 2007)
• Paints tenants as ignorant and impotent despite heterogeneity
• Valid across different contexts?
What did I find?

Conformity (but complexity) in Rotherham

Trust in policies and initiatives. What’s in it for them?

Factors shaping landlords’ decision re: investment in EE

Legal and regulatory requirements

Financial capacity to invest small or large portfolio

Level of consumer pressure

Availabilty of direct financial incentives

Housing market factors

Levels of knowledge and availability of info

Cultural and contextual factors

Stability in the rental market

Level of demand

High turnover

Level of demand
What did I find?

• Much less so in Dunedin, where:
• most landlords positive about improving thermal performance and EE
Types of landlord

Pro-active

- Avoid low income groups and younger students.
- Accept benefits of wide range of measures and install them.
Why are landlords more active?

- Consumer pressure
- Changing expectations
- Tolerance waning
Myths and misunderstandings

• 'Tick box' approach unlikely to yield substantial gains...and cost more

• Cosmetic improvements will not improve energy performance...
Why are tenants more aware?

- Media
- Activism
- Price
Winners and losers

BUT...

• consumer pressure not as strong at low-end
• stand to gain the most from warmer homes
• but can't afford them?
• preserve of non-joiners/passive actors
Beyond principal-agent?

• Not universally applicable...
• needs to **recognise heterogeneity**...
• **Principals are powerful**
• ...even when market conditions weaken their position
What do we now know?

There is no 'one size fits all'.... The PRS has to be understood and responded to in context.
What next?