

## NHMF Best practice guidance: Fuel saving improvements – Case Study

### Title: Proven business benefits of more energy efficient homes

'[Touching the voids](#)' a Research Report by [Sustainable Homes](#) demonstrated the business benefits of reduced rent arrears and voids that were achieved through more energy efficient homes. 25 social landlords managing over 500,000 homes in England and Wales took part in this research.

#### Key findings:

- There is a correlation between the energy efficiency of the homes and the number of void days. As homes become more energy efficient they are void for a shorter length of time - on average band B properties remained void for 31% less time than those in bands E and F.
- There is a correlation between length of time in arrears and energy efficiency of homes. Colder homes, especially those in band F, have on average two weeks more rent arrears than the rest of the bands each year. The highest performing band A properties spent 30% less time in arrears compared with the worst performing homes.
- Landlords with more energy efficient stock are spending less on refurbishing void homes, less on repairs and less on staff time to manage voids.
- There are also reduced administration and legal costs for more energy efficient homes, up to 35%.

#### Benefits to landlords and residents

Overall, there is a strong correlation between lower rent arrears, lower void rates and more energy efficient properties. This shows that improving the energy efficiency of properties can bring financial benefits to landlords, as well as for residents and the environment.

A key finding of the research is that the wider costs of tackling rent arrears and voids are both significant and can be reduced. The time and effort spent chasing payments and on repairing and refurbishing vacant homes is significant. Reducing this would allow landlords to achieve a boost of millions of pounds to their bottom line each year.

Warm, efficient homes with low running costs also bring improvements in residents' health and well being, lower responsive repairs and maintenance costs, reduce levels of anti-social behaviour and help meet environmental targets.

#### Costs of voids and rent arrears

The lost income and costs associated with managing properties fall into three key areas:

- **voids:** if properties are empty there is still a cost to maintain them and furthermore they are not generating income (nett loss). This is a significant issue. More than 200,000 homes across all tenures in England remained empty for more than six months in 2014. Assuming an average monthly rent of £400 this figure represents a loss of over £500 million in rental income.
- **Rent arrears:** A sizeable problem for social landlords in the UK. Around 85% of evictions in England in 2014-2015 were attributable to tenants being in rent arrears. The average total amount of outstanding arrears in organisations is £1 million. Ten percent of housing associations are dealing with rent arrears of £2 million or more.
- **Administration and other costs:** The loss of income from voids and rent arrears is only one part of the story. Staff time, legal fees, refurbishing void homes, and other costs all add up – as do other costs such as reactive repairs that are often more common in lower quality stock.

As well as being disruptive and undesirable, other issues such as anti-social behaviour can be an indirect cost to landlords for similar reasons.