

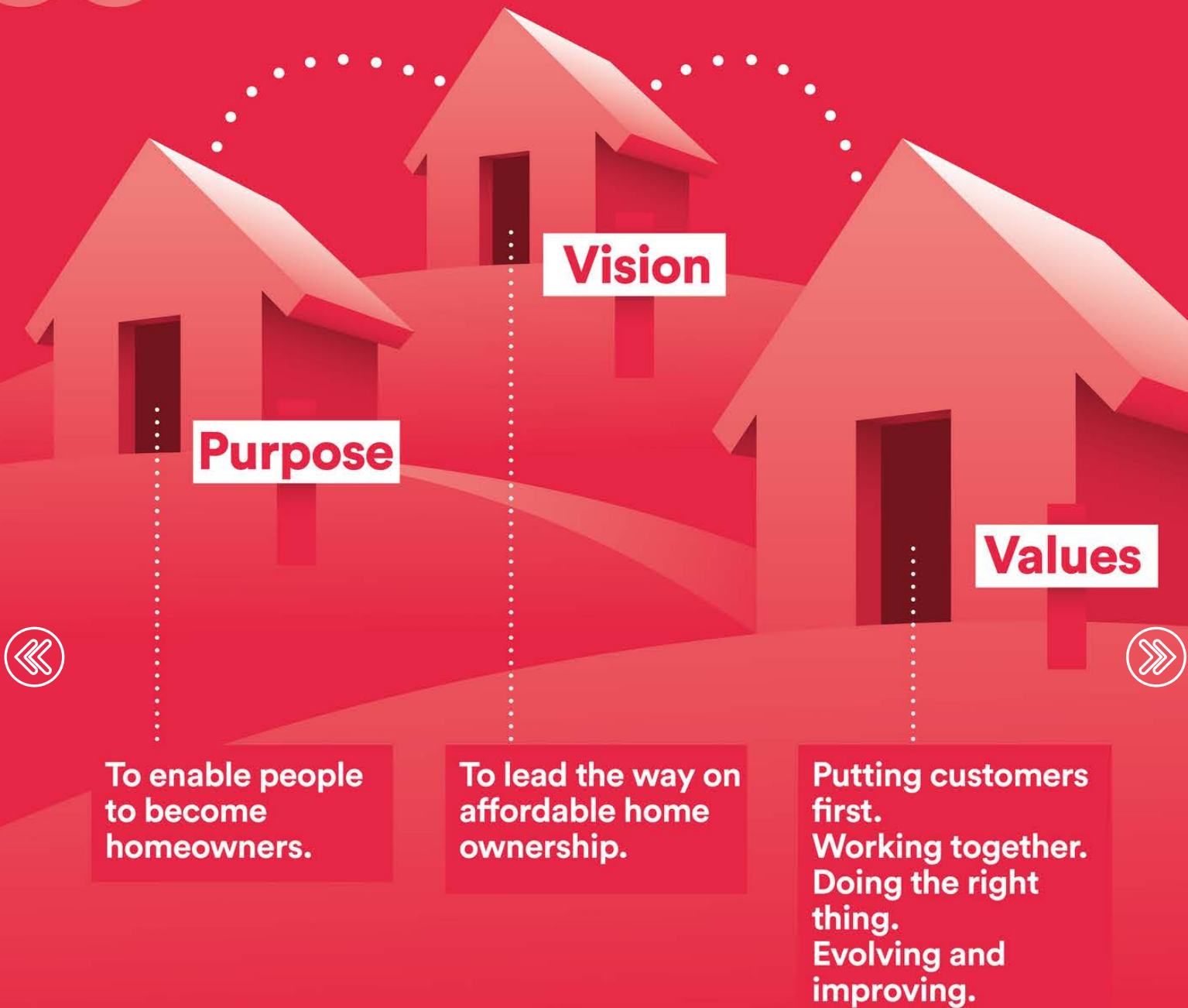


APRIL 2023

Climate Change Strategic Response

Co/ownership

Co%ownership



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Overview & Purpose

Co-Ownership is Northern Ireland's regional body for shared ownership. It is a registered housing association and a charity which has been operating successfully for over 40 years as the cornerstone of Government's affordable housing policy. Over 30,000 households have already been helped into homes through Co-Ownership, and we currently have a stock of more than 10,000 properties.

Co-Ownership exists to enable people to become homeowners and its current strategy focuses around four themes:

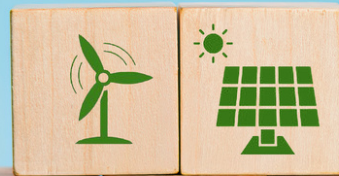
- Extending our reach and impact on society
- Be the best we can be for our customers
- Be strong advocates and trusted partners for home ownership
- Be a great place to work with high performing teams delivering our service.

Climate Change presents a huge challenge to sustainable living in the future and so last year the Northern Ireland Government made a commitment to 100% reduce the emission of carbon by the year 2050.

At this stage, it is recognised that Government, the Housing sector and Mortgage providers are preparing and scoping the work needed to develop strategies to meet this commitment.

Co-Ownership believes that a collaborative approach is needed across the Government and the Housing Sector to ensure a just transition to a new sustainable living model for our society.

With Housing contributing 14% of Northern Ireland's carbon emissions, Co-Ownership has been developing plans to tackle the challenges climate changes presents to its homeowners and this report sets out the initial aim and approach it has adopted.



Background

The Climate Change Act (NI) 2022, passed by the NI Assembly, commits Northern Ireland to deliver a 100% reduction in carbon emissions by 2050. The scale and urgency of the challenges to meet this target are immense.

The Northern Ireland Executive published its Energy Strategy for Northern Ireland in December 2021 and it sets out the path to Net Zero Energy. The strategy aims to ensure energy is secure, affordable and clean for now and future generations. “Do more with less” and “Replace fossil fuels with renewable energy” are two of their five aims, which provide the direction of travel for domestic homes. The strategy highlights the need for work to be done to set standards for the Housing Sector, particularly in terms of energy performance of homes. It recognises that a substantial increase in funding and support for retrofitting homes will be needed and it is planned to test ideas through pilot schemes. A drive to ‘net zero ready’ buildings will be delivered through amended building regulations.

The Department for Communities published its most recent Action plan in October 2022, which is a transitional step that recognises the rapidly-evolving situation. It is working with other Government departments with the intention to drive forward plans to reduce operational and embodied carbon from residential buildings and to address fuel poverty.

Residential homes are currently responsible for 14% of Northern Ireland’s carbon emissions.[1] The social housing sector appears to be leading the way in transitioning to Net Zero, with privately owned homes and the private rented sector lagging behind due to the lack of incentives and funding.

Consumer attitudes to decarbonisation appears to show a high level of awareness of climate change issues, but consumers are unclear what action they can take and are looking for leadership and practical support to help them make good decisions. Concerns with health, education and finances are higher priorities for consumers than decarbonisation, and helping consumers with the transition will be a significant challenge.



[1] Housing Executive Strategy and Action Plan (2022-2027)

Challenges & Enablers

The challenges facing homeowners are primarily two-fold. Firstly, to improve the energy performance of the home, which the sector is describing as retrofitting existing homes. And secondly, to change heating fuels from fossil fuels, like heating oil, to renewable sources.

There are four key enablers for the Housing Sector to transition to net zero and these are regulation, finance, new technologies and education.

Regulation

It is widely recognised that Government regulation will be required to set the direction. Building regulations should be capable of ensuring new build homes are 'net zero ready'.

Finance

Homeowners will require finance to make changes and a mix of Government grant incentives and mortgage finance will be essential in helping address the affordability gap.

Technology

New technologies are being developed to bring new renewable ways to heat, construct and repair homes and to transport people to and from homes. Having working solutions to show consumers will be important in their journey to transition.

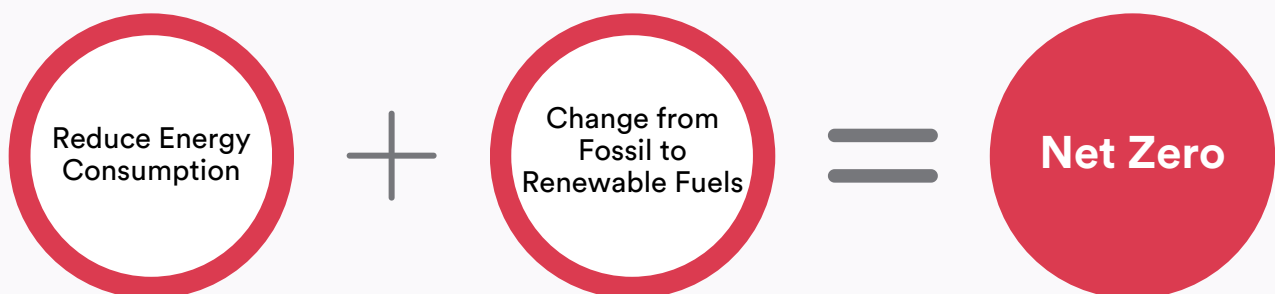
Education

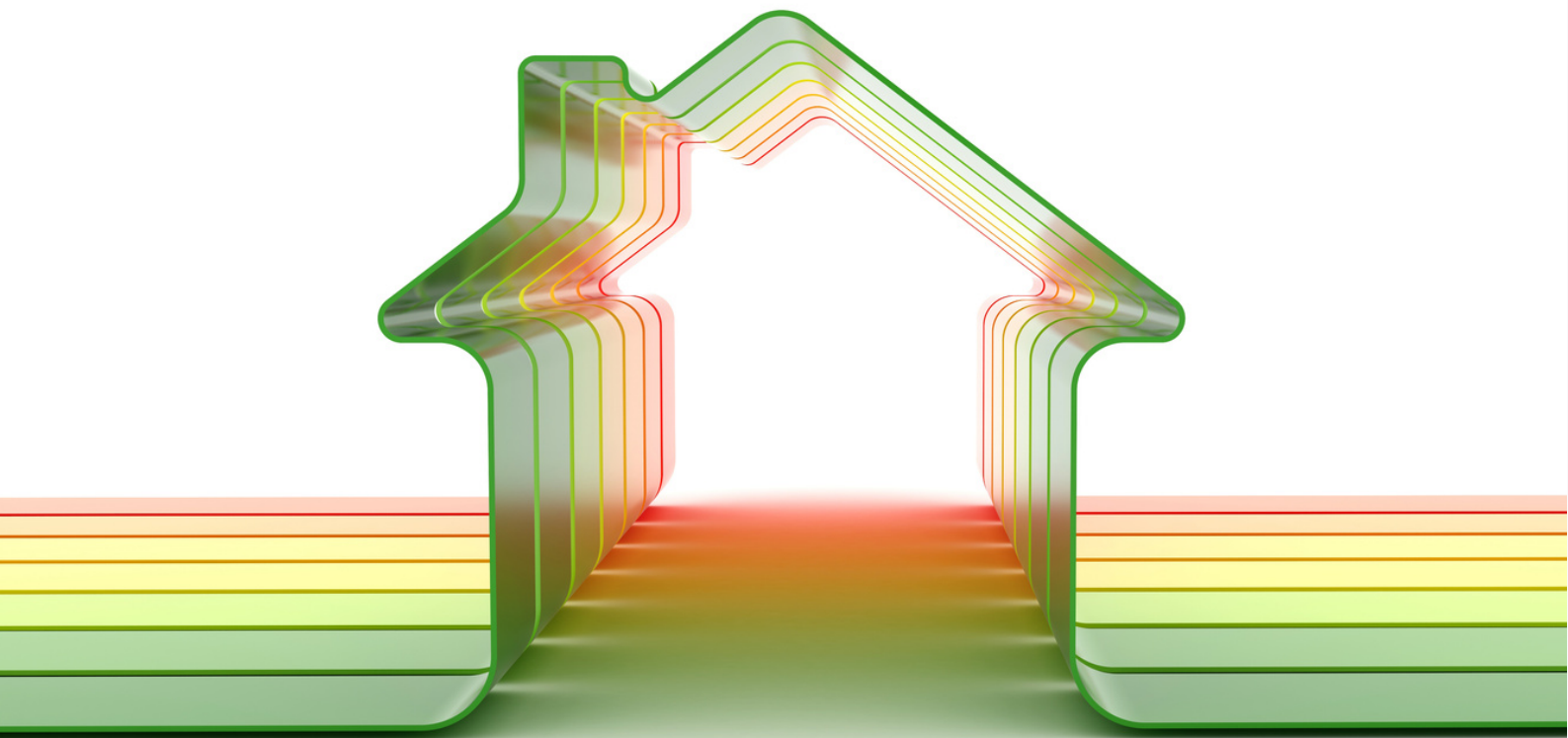
There is a need to help consumers understand what can be done to make their home more energy efficient and to give them confidence to act. Solutions can be complex as they need tailored to each home's circumstances and choice can be overwhelming to some. Tools are needed to inform consumers, in conjunction with the provision of sound independent advice to help them assess the options available. Further there is a need to grow the skills base of trades people undertaking the works through enhanced education and apprenticeships.



We look forward to working with Government bodies and others as they develop their strategies in the transition to net zero.

Net Zero Equation





Current Position

Over the last year Co-Ownership has been gathering information on its homes in order to better understand the impact of its activities on the environment.

Energy performance certificates were introduced in Northern Ireland during 2008 and are the standard mechanism used across the industry to assess the energy performance of a home. Using the publicly available Government database the energy ratings where Co-Ownership has an investment are shown opposite.

Co-Ownership has an EPC rating for 76% of its properties, with the remainder being purchased pre 2008.

There is currently no minimum EPC standard set by Government.

Interestingly, further analysis of Co-Ownership purchases since 1st April 2022 show newly built homes have a much higher energy efficiency, with 89% being rated a grade B, and illustrates the positive impact recent changes in building regulations has had. Co-Ownership's customers have a 99 year lease on their home under a full repairing lease. This is different from other Housing Associations who own and have responsibility to repair properties.

Energy Efficiency Rating of Co-Ownership Houses at December 2022

EPC Rating	Total	%
A	3	0%
B	2,108	27%
C	1,897	25%
D	2,277	29%
E	1,176	15%
F	274	4%
G	14	0%
Sub	7,749	100%
Pre 2008	2,373	
Total	10,122	



Further analysis shows the challenge of transitioning to renewable fuels. 57% of Co-Ownership homes, for which there is data, are currently fuelled by oil and a further 42% are fuelled by mains gas.[2]

As energy supplies move to renewable sources Co-Ownership homes will need to move to new heating sources.

Heat pumps, solar panels and hydrogen are examples of what the energy industry is developing and planning for upscale.

The operations of Co-Ownership consumed 113,548 kWh of energy in the year to March 2022. A green tariff which provides 100% renewable energy is used to reduce the greenhouse gases emitted from Co-Ownership's day to day operations. Energy efficiency actions are taken to reduce energy usage and waste is minimised through recycling.



Energy Efficiency Rating of Co-Ownership Houses at December 2022

Fuel	Total	%
Oil	4,453	57%
Mains Gas	3,277	42%
LPG	82	1%
Electric heaters/storage	39	0%
Other	26	0%
Subtotal	7,877	100%
No data available	2,245	
Total	10,122	

[2] Based on information contained in the EPC available for the relevant property at the time of purchase.



Strategic Aim

Co-Ownership plays a significant role in Northern Ireland, by helping people to own their own home. Currently Co-Ownership have over 10,000 customers and each year complete on circa 10% of Northern Ireland first time home buyer transactions.

It is recognised that as a charity with a vision to lead the way on affordable home ownership, Co-Ownership has set a strategic aim to play its role in the journey to delivering Net Zero, by:

1

Being a voice for the owner occupier sector.

2

Encouraging customers to improve energy & carbon efficiency within their home.

3

Leading by example by reducing our operational carbon footprint.

The Society

The Environment

It is not always possible to solve all these problems at once, but we will have a relationship with each of these problems so that they will be solved.

Approach & Governance

In the context that Government and the housing sector haven't yet fully scoped the approach to delivering Net Zero for housing, Co-Ownership has set short term objectives to make a start on achieving its strategic aim.

The approach to achieving the aim is to progress against the following five themes:

1

Understand how Climate Change will affect Co-Ownership.

2

Improve/incentivise the energy efficiency of the housing stock.

3

Review the approach to buying homes

4

Educate customers and staff.

5

Improve the energy efficiency of the operational environment



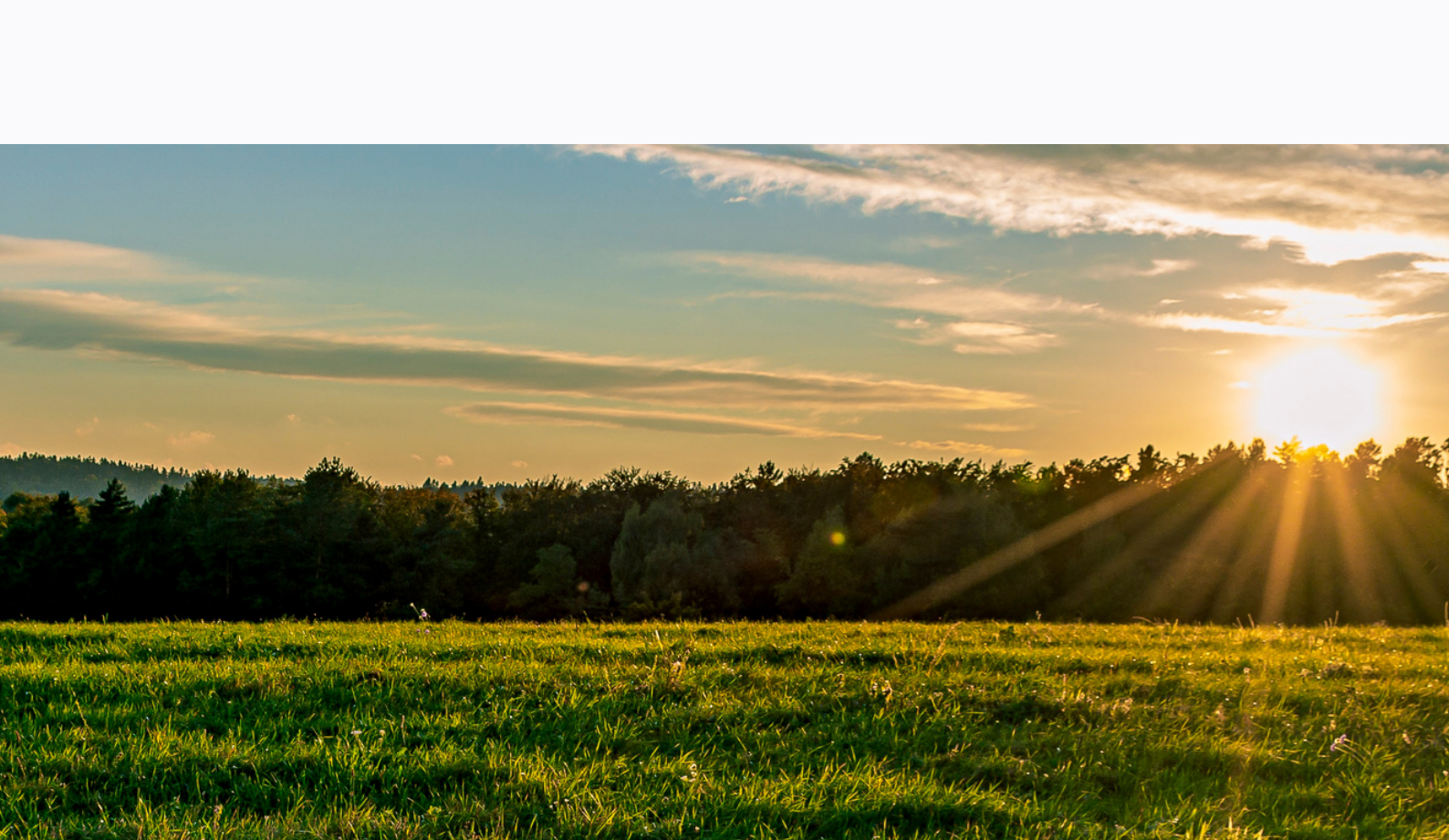
Each of these key themes has a detailed action plan which provides focus and a measure of delivery. The Board oversees and steers the work of management by setting and reviewing the strategy and monitoring performance, market dynamics and Government policy.

A steering group has been established comprising members of the management team to set objectives, track progress, assess risks, develop market awareness, and report. In order to embed climate change within the business, climate objectives are integrated into wider organisational objectives, so that climate considerations influence key decisions.

Action Plan

Objective	Output
To further understand the energy efficiency of our housing stock and how it is changing	<ul style="list-style-type: none"> • Database of EPCs • Database of heating sources • Quantification of Carbon emissions • Tracker on home purchases • Explore data enhancements on flood risk
Develop initiatives to encourage customers to think about modifying homes to improve energy efficiency	<ul style="list-style-type: none"> • Help new buyers understand EPC • Switch campaign to LED bulbs • Promote improving insulation • Consider any grant funding Co-Own could provide • Develop a guide to make EPCs easier to understand
Provide energy advice hub for customers	<ul style="list-style-type: none"> • Develop and roll out customer communication plan • Communicate energy savings tips/ grants available/ market changes • Enhance website content • Run an Energy saving week in Autumn
Upskill staff on home energy efficiency and tooling them up to share ideas with customer	<ul style="list-style-type: none"> • Staff training programme developed and rolled out • One member of staff trained to carry out EPC certifications
Enhance understanding and reporting of our Carbon footprint and take forward actions to improve carbon emissions	<ul style="list-style-type: none"> • Conduct an Energy audit • Recommendations progressed • Scope 1 and 2 and 3 • Risks understood and documented • Regular newsletters to staff on ways to improve environment
Consider what policies need amended or added to support energy efficiency in the home e.g. solar panels	<ul style="list-style-type: none"> • Up to date policies covering all aspects of energy efficiency
Track market dynamics and Government policy changes	<ul style="list-style-type: none"> • Track changes in mortgage lenders appetite and products • Review Government updates and consider impact on Co-Own • Monitor changes in grants available • Build awareness of new energy initiatives
Influence and build relationships with relevant stakeholders	<ul style="list-style-type: none"> • Build engagement with new DfC climate team • Regular dialogue with mortgage providers • Represent on sector panels • Response to govt consultations • Include in thought leadership plan





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