



Department for  
Energy Security  
& Net Zero

# **Social Housing Decarbonisation Fund (SHDF) Wave 2.2**

## **Infill Policy**

**October 2024**

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# Introduction

The intended purpose of SHDF funding is to improve the energy performance of social homes below EPC C up to that level.

Following engagement with the sector, DESNZ recognises that in some cases, some homes that do not fit into that category are required to be retrofitted on an infill basis, to allow for effective retrofits of below EPC C social homes.

However, to ensure SHDF Wave 2.2 supports retrofit of as many below EPC C social homes as possible, it is a requirement that any such 'infill' retrofits are kept to the absolute minimum required - with strong justification for these retrofits required for a bid to be successful.

For consortia applications, it is expected that all members will abide by the principle of focusing on the delivery of below EPC C social homes.

Measures installed should only be 'infill' measures - and infill homes do not have to meet the same performance outcomes as below EPC C social homes do. This document outlines the two instances where infill funding is available.

# Homes at EPC C or above

The focus of SHDF Wave 2.2 applications will be on social homes with an EPC rating of Band D, E, F or G.

Where a small number of properties in a block or terrace are at EPC Band C or above (for instance – a tower block/low rise with a small number of properties at EPC Band C or above due to individual home upgrades, with the vast majority of homes in the block being below EPC Band C), they can be included where they enable effective works to social housing below EPC Band C.

Applicants should justify this approach in the application, including providing the % of properties at EPC Band C or above. There would need to be a significant reason for inclusion of these properties – any application without appropriate justification will not be successful. Any inclusion of properties at EPC Band C or above would need to be on an ‘infill’ basis.

## The policy:

- Is limited to situations in which social homes below EPC Band C would be adversely affected without it, for example cases where these social homes would not be able to meet EPC C with appropriate consideration of 90kwh/m<sup>2</sup>/year, bearing in mind reasonableness and cost effectiveness (see ‘Performance Outcomes’ section 2.9\*), or where works must be undertaken on a whole block for planning or logistical reasons.
- Requires a minimum of 90% of social homes across the overall application are below EPC Band C.
- Is available for insulation and associated ventilation. Applicants may include additional measures on an exceptional basis if a justification is given as to why a whole block approach is essential for the attainment of SHDF Wave 2.2 performance outcomes (see section 2.9\*) for the below EPC Band C homes. Any Applicant wishing to install a measure that is not an infill measure onto these homes must do so out of their own money, separately to their co-funding contribution.

(\*located in the SHDF Wave 2.2 Competition Guidance document)

## Homes at EPC C or above

DESNZ expects the majority of applications will include homes exclusively below EPC Band C.

DESNZ expects that applications that do contain homes at or above EPC Band C will keep the number of such homes as low as possible (the 10% is a limit, not a target, and it is expected that most applications containing homes at or above EPC Band C will have far fewer than 10% of social homes at or above EPC Band C).

Applications requesting a considerable amount of funding for homes already at EPC Band C or above are unlikely to score well on the Value for Money and strategic fit sections of the application form.

The grant funding cost caps for retrofit works for EPC Band C homes are the same as that for EPC Band D homes (see section 2.11.2\*).

(\*located in the SHDF Wave 2.2 Competition Guidance document)

# Non-Social Homes

Private domestic homes, such as those owned by leaseholders, may be eligible for funding under Wave 2.2 infill policy on non-social homes. Shared ownership homes fall under the scope of Wave 2.2 infill policy on non-social homes. SHDF Wave 2.2 infill policy on non-social homes is designed to support works to social homes in situations where there is also the presence of other tenure types.

## The policy:

- Is limited to situations in which social homes would be adversely affected without it, for example cases where social homes would not be able to meet EPC C with appropriate consideration of 90kwh/m<sup>2</sup>/year, bearing in mind reasonableness and cost effectiveness (see 'Performance Outcomes' section 2.9\*), or where works must be undertaken on a whole block for planning or logistical reasons.
- Requires a minimum of 70% of social homes across the overall application to meet the eligibility requirements of the scheme.
- Is available for insulation and associated ventilation. Applicants may include additional measures on an exceptional basis if a justification is given as to why a whole block approach is essential for the attainment of SHDF Wave 2.2 performance outcomes (see section 2.9\*). Any Applicant wishing to install a measure that is not an infill measure onto these homes must do so out of their own money, separately to their co-funding contribution.

For homes that require works to be funded under infill policy on non-social homes, a mixture of SHDF Wave 2.2 funding and recovered costs from the leaseholder, freeholder or shared ownership owner can be used. It should be noted that if a contribution from the leaseholder, freeholder, or shared ownership is withheld or refused, the Applicant may be required to underwrite this.

For works carried out on non-social homes in Wave 2.2, the following applies:

(\*located in the SHDF Wave 2.2 Competition Guidance document)

# Non-Social Homes

- The SHDF Wave 2.2 competition will fund 100% of costs of the infill measure for low-income owner occupier homes. These homes are considered as:
  - Homes with an annual income of no more than £31,000 gross, before housing costs and where benefits are counted towards this figure;
  - We expect many Applicants to use receipt of means tested benefits as a proxy for low-income and would expect Applicants using non-means tested benefits to set out additional income verification. Other methods to verify eligibility may include using data such as existing processes on Council Tax reductions for those on lower incomes, residents on the social housing waiting list, or more innovative approaches such as advanced statistics and machine learning (e.g. Experian or CACI Paycheck), where Applicants can demonstrate these will target low-income households. Self-declarations will not be acceptable methods of verification.
- For owner occupier homes that are not captured in the above, and Private Rental Sector homes, a contribution towards the infill measure may be requested. This contribution is capped at £3,300 and therefore is either a 1/3 of the cost of the infill measure or £3,300, whichever value is lower.
- Where the capped contribution of £3,300 does not cover the full cost of the infill measure, the SHDF Wave 2.2 competition will cover the outstanding cost.

DESNZ have developed a funding calculator for non-social homes to help Applicants calculate the level of contribution required by Leaseholders and the amount payable by the SHDF Wave 2.2 for non-social home infill measures.

This will be published as part of the supporting tables for the application form. Inclusion of non-social housing must comply with UK subsidy control rules as laid out in section 2.3 of the SHDF Wave 2.2 Competition Guidance.