



The Non-Domestic Private Rented Property Minimum Standard

Requirement

The UK government is introducing legislation which requires private landlords of EPC band rated F or G properties to upgrade the energy efficiency of their buildings.

When?

The new regulations come into effect from 1 April 2018.

Who?

The changes will affect all private landlords renting out *new leases (including renewals)* on their properties. A date for 1 April 2023 has also been sent for the extension of this requirement to *existing leases* as well.

Why?

- **Green Growth** – Energy efficiency helps spur economic growth, encourages innovation and is a key feature of the governments Clean Growth Industrial Strategy.
- **Climate Change** – Energy efficiency is a key way for the UK to meet its 80% carbon emission reduction target.
- **Energy Security** – As supply shifts towards renewables, reduced seasonal peak demand helps to ensure the UKs energy security.

How can I improve my properties to ensure they comply?

The measures required will depend on where the property is currently at, and the desired rating to be achieved. However, common measures often include;

- ✓ Upgrading the heating, cooling and ventilation systems
- ✓ Upgrading the heating controls
- ✓ Adding solid or cavity wall insulation
- ✓ Increasing roof insulation
- ✓ Replacing glazing
- ✓ Ensuring 100% of lighting is low energy

Simply carrying out one or two of these measures is usually sufficient to achieving an EPC band E. Other options also exist - such as the installation of renewables, which would go significantly above and beyond baseline requirements.

How UKBC can help...

UKBC can offer a number of services to give both advice on how landlords can achieve the minimum standards, as well as to prove compliance by conducting EPCs.

A full list of services can be found on our website at <http://www.ukbuildingcompliance.co.uk/>

FAQs

Are there any exemptions?

Yes, there are certain exemptions - such as in instances whereby all practical improvements have been carried out and the property is still sub-standard, as well as properties in conservation areas and religious buildings.

Any such claim must be presented to the PRS Exemptions Register. A full list of exemptions can be found in Chapters 3 and 4 of the Department for BEIS document provided below.

Do I need to upgrade all my properties now?

No – the rule applies to new and renewed leases so there is no immediate requirement to upgrade properties for existing tenants. However, this rule will be extended to existing leases on 1 April 2020.

What will happen if I do not comply?

Local authorities will enforce compliance and financial penalties will be imposed on landlords if a breach of regulations is deemed to have taken place. Initially this penalty can either be up to £5000, or up to 10% of the rateable value of the property (to a maximum of £50,000).

Should a breach of compliance extend to three months or more, these penalties increase to £10,000, or up to 20% of the rateable value (to a maximum of £150,000).

Should I go above and beyond a band E?

Whilst a band E will be the minimum requirement, UKBC recommends that if possible, landlords try to go above and beyond this. We believe that this minimum band rating is likely to be increased by the government in the future.

How can I finance the required improvements?

All relevant efficiency measures are tested against a seven-year payback period. Any measure that exceeds this payback period is not deemed to be practical and therefore is exempt from the requirements. More information can be found in Chapter 2 of the document below.

Are there any benefits for me?

Absolutely! Research shows that the value of a property increases alongside improvements made to its EPC rating. It would also make your property more attractive to potential renters.

Department for Business, Energy & Industrial Strategy - *The Domestic Private Rented Property Minimum Standard: Guidance for Landlords*. https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/656541/Non-Dom_Private_Rented_Property_Minimum_Standard_-_Landlord_Guidance.pdf