



MORRIS
MARSHALL
POOLE

**CHANGES TO
THE MINIMUM
ENERGY
EFFICIENCY
STANDARDS**

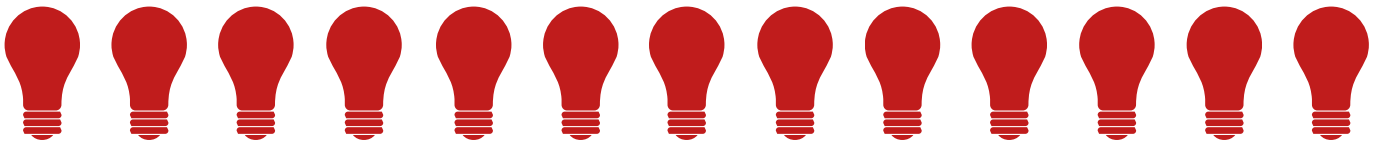
INTRODUCTION

As a landlord you need to be aware of recent changes that have been proposed and likely to be introduced as amendments to the Minimum Energy Efficiency Standards (MEES). These changes will impact greatly on the private rental sector in England and Wales and will come into force in 2025.

MEES was introduced in 2018 which made it a legal requirement for most private domestic rental properties to have a minimum energy efficiency rating of an E. Changes to the existing regulations will require these rental properties to have a rating of C or above.

These changes are part of the Government's strategy to ensure homes are more energy efficient, reducing carbon emissions and progressing towards net-zero targets. With the uncertainty of rising fuel costs, these changes will upgrade the private rental sector homes aimed at reducing energy bills to address the wider fuel poverty issues.

As with the introduction of MEES, these changes will be phased in gradually starting with all new tenancies from 2025 which will then extend to existing tenancies from 2028.



ENERGY PERFORMANCE CERTIFICATE

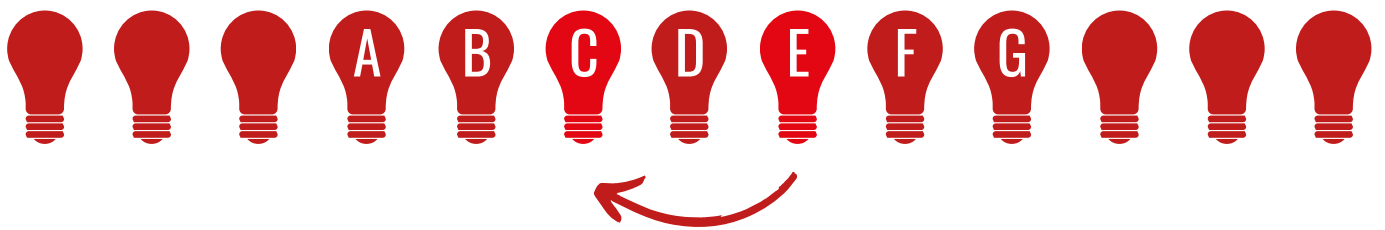
The Energy Performance Certificate (EPC) was introduced in 2007 and is required prior to any property transaction taking place including sales and rentals. A new tenancy is classed as a new property transaction and requires a valid EPC to be issued to the new tenant.

The EPC rates the energy efficiency of each property on a scale of A-G with A being the most efficient and G the least efficient and most costly to heat. The EPC is produced following a physical energy assessment carried out at the property to determine factors such as date of construction, floorspace, building fabric and space heating.

Once generated, the EPC has a validity of 10 years and can be viewed on the public national register at: <https://www.gov.uk/find-energy-certificate>

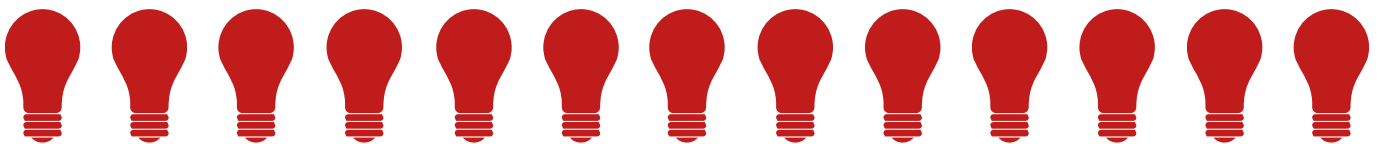
THE CHALLENGE AHEAD

In England and Wales, the average energy rating for a property is D(60). However, this does not reflect the geographic context of the area in which we operate. The UK has the oldest housing stock in Europe. This is largely due to the legacy of houses built during the Victorian period which forms the backbone of our town centre dwellings today. Our housing stock is a mix of town centre and rural properties with most of the latter being off mains gas grid. Consequently, approximately 60% of our managed rental stock are currently below C and will be impacted by the changes to the MEES regulations.



HOW WILL THESE CHANGES IMPACT LANDLORDS?

To jump from E to C has a huge impact and may require substantial investment by the landlord, particularly if the property has a current low E rating. It is therefore important to start planning ahead and review recommendations already identified on the current EPC. Under the current plans, properties will not be marketed to let after 2025 without an energy rating of C or above. Any tenancies which end after this date, will also require a valid EPC of C or above before it can be re-let. Those existing tenancies that continue beyond 2025 must have C rated EPCs after 2028. In line with these changes to regulations, the penalties for non-compliance have been raised from £5,000 to £30,000.



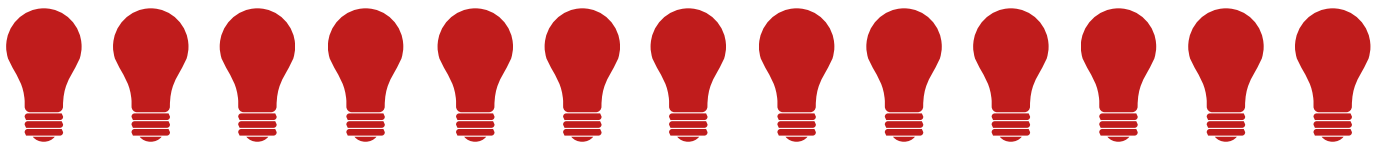
WHAT CAN LANDLORDS DO TO IMPROVE THEIR EPC RATING?

Most properties of a certain age would have been constructed without any form of insulation in any of the building's fabric.

In more recent years, some retrofitted insulation may have been installed in the accessible loft space of these properties but with walls and floor remaining without any form of insulation. Priority to a 'fabric first' approach should be adopted and certainly considered when the opportunity arises for any refurbishment during void periods in between tenancies.

Secondary to this would be the efficiency of the space and hot water heating system and how this is controlled inside the property. Aged low efficiency boilers offer poor performance compared to modern condensing boilers.

It is important that landlords inspect the existing EPC to establish the current rating and identify what improvements need to be done to meet the proposed changes to regulations.



MOVING FORWARD...

We are currently trialling a local company who are one of our approved contractors that can undertake energy efficiency improvements to the property. Initially, a whole house retrofit assessment is carried out. This will be property specific and will include assessing the utility bills of the occupier's usage within the property. Once a range of improvements are identified, the cost of the works will be costed, and further investigations carried out into the eligibility of the works being grant funded through any of the Government schemes available. If approved, the works would be completed, and the property re-assessed with a new EPC to certify meeting the minimum energy standard for letting. We are currently reviewing our managed housing stock with a view of prioritising the most difficult to treat properties. If however you wish to discuss the options available then please contact our office.

