

What are the recent changes to EPCs and how do they affect landlords and property owners?

Perhaps now more than ever we are acutely aware of how energy efficient our homes are. Whilst there has been an increased awareness of climate change and the impact our carbon footprint can play in recent years, the fossil fuel shortage, soaring energy costs and the ensuing cost of living crisis in 2022 have also played a part as they continue to have a huge impact on our day to day lives. Particularly on our pockets!

One way we can save both energy and money is to make sure our homes are running as efficiently as possible. Enter the EPC, or energy performance certificate.



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Introduced in 2007, the EPC measures how energy efficient your home is in terms of heating and insulation and gives you a good idea of the costs of running said home. Since May 2010, it has been a [legal requirement](#) for all homes which are being sold or rented to tenants to have an up to date EPC, dated within the last 10 years. In Scotland, it is also a requirement that the EPC is displayed somewhere within your home, such as next to the boiler, for prospective buyers and tenants to see.

If you are unsure whether or not your property still has a valid EPC, then you can check your most recent one online here: <https://www.gov.uk/find-energy-certificate>

If you need a new, up to date EPC, then a [qualified EPC assessor](#) will inspect your home and complete the certificate which grades the property with a rating from A to G, with A being the most efficient and G being the least. The EPC will cost in the region of [£75 to £120](#). According to mortgage data specialists Dashly, as of June 2023, the average UK home has

an EPC rating of 66 points, putting them in band D. However, thanks to the large number of older properties in the UK, unfortunately we have some of the least energy efficient housing stock in Europe.

Under the [domestic minimum energy efficiency standards](#) (MEES) regulations, landlords renting out domestic properties in England to *new* tenants have been required to have an energy efficiency rating of E or higher for their properties since April 2018. As of 1 April 2020, this has applied to residential properties with *existing* tenants too. Anyone who does not comply is liable to face a hefty fine.

From September 2020 – January 2021, the government held a consultation with a view to making the private rented sector more energy efficient as part of [wider plans](#) for the UK to clean up its energy system and reach net zero emissions by 2050. As a result, the following requirements have been in place since 1 April 2023.

- Landlords renting out commercial buildings which [require an EPC](#) now also need to ensure their properties have an energy efficiency rating of E or higher and it is against the law to keep letting a commercial property with an F or G EPC rating, even if the lease was granted prior to 2018 when the MEES regulations came into force.
- The government have proposed that all *new* tenancies would require the property to have a minimum EPC rating of C by 1 April 2027 (with the two-year compliance period opening in 2025).
- All privately rented properties with an *existing* tenancy will need a minimum EPC C rating by December 2028.

- The minimum energy efficiency standards for rented buildings is due to increase to a [B rating by 1 April 2030](#).

Currently, landlords are only expected to spend a maximum of £10,000 on any work to improve energy efficiency, but the implementation of future changes to MEES regulations in 2027 and 2030 has yet to be set out in detail for landlords and homeowners alike, leaving them uncertain about how and when they need to meet any such requirements.

There is also the thorny issue of cost. Many landlords who will have seen their rental income dwindle already following recent tax changes may be contemplating selling their buy-to-let properties rather than face a huge financial outlay. However, there *are* grants and discounts available to both landlords and homeowners to help cover the costs of making energy efficient changes. This includes the [boiler upgrade scheme](#), the [Energy Company Obligation Scheme](#) (ECO) and the [VAT reduction and exemption](#) for the cost of purchasing and installing some home energy-efficiency improvements.

Of course, for tenants struggling to sufficiently heat their homes amidst the impact of the cost-of-living crisis and increased energy bills, measures to increase EPC ratings will be very welcome news. Particularly alongside the government's wider review of the rental sector and the introduction of [The Renters' \(Reform\) Bill](#) which plans to ensure safer, fairer and higher quality homes for tenants. Indeed, according to a [BBC investigation](#), 60% of rental homes failed to meet the new standard for energy efficiency in April 2023.

Having an energy efficient home doesn't just have an impact on the day to day lives of tenants and homeowners though. Anyone with plans to sell their home or buy-to-let property in future would do well to consider their energy efficiency before they put it on the market since increasing your EPC rating from a G

to a B can add an impressive 14% in value. Even a slight increase from a G to an F rating will see you add around 6% to your home's value. With the average asking price in the UK sitting at an impressive £372,812 as of June 2023 (according to Rightmove), this means a whopping £52,194 increase.

For more advice and guidance to increasing your property's energy efficiency, check out the Energy Savings Trust website: <https://energysavingtrust.org.uk/tips-to-improve-the-epc-rating-of-your-home>