

Proposed new EPC regulations and guidance for Landlords

The EPC regulations are frequently changing, and it is crucial for landlords to be aware of their responsibilities when letting out property. Currently, the minimum EPC rating of E is required to let out property and has been the case for new tenancies since 2018. This however is set to change as of 1 April 2023 whereby the regulations will require all existing leases to have a minimum EPC rating of E. This will mean landlords will need to ensure that the property complies with the regulations if it wishes to continue to let the property. To continue to do so otherwise will be unlawful.

The Government's attempt to achieve net zero emissions by the year 2050 was previously unveiled in the Government energy white paper published in December 2020. It is the Government's intention to raise the minimum energy efficiency standard (MEES) for commercial letting to an EPC rating of B by 1st April 2030.

Rather than this being enforced upon landlords straight away, the Government are intending to phase the new MEES requirement by gradually implementing this new standard. There is intended to be two compliance windows which will each have a duration of two years. The first compliance window is expected to begin on 1st April 2025. At the beginning of each compliance window a landlord will be required to produce an EPC, and at the end of the compliance window the property will need to have an EPC rating which meets at least the minimum EPC standard. Landlords will be required to submit a valid EPC by the start of the first compliance window. If there is no EPC for the property or the EPC has expired, the landlord will be required to obtain an updated EPC. The property will be compliant if the EPC rating is C or above. If not, the landlord will need to undertake works to the property to bring the property up to the minimum EPC rating of C by 1 April 2027, unless there is a valid exemption.

The start of compliance window two is by 1 April 2028. In order to be compliant, the landlord will be required to present a valid EPC rating of B or above. If the EPC rating is less than B the landlord will need to undertake any works necessary to bring the property up to the minimum EPC rating, unless a valid exemption applies.

By 1st April 2030 the property will need to have a minimum EPC rating of B. This means that a landlord will need to have made the necessary improvements in order to obtain an EPC rating of B, unless a valid exemption applies.

In order to achieve the proposed minimum standard for EPC of a or above will have cost implications for landlords. Nevertheless, a landlord may pass the burden of the costs of such onto tenants. Ultimately, a tenant is likely to benefit from a property with an EPC rating of B as this is likely to mean the running costs for the property will be low.

As well as the new proposals referred to above, another crucial change is that a building must have a valid EPC at all times.

If you wish to discuss or seek general advice relating to the proposed amendments to the EPC regulations, please contact our commercial property team.