



## eBOOK – EPC Minimum standards



### EPC Minimum Standards

## Minimum EPC Rating E

Since 1st April 2018, any properties rented out in the private rented sector must have a minimum energy performance rating of E on an Energy Performance Certificate (EPC). So, any new let or renewal must have a rating of E or above.

It is against the law to rent a property which breaches the requirement for a minimum E rating, unless there is an applicable exemption.

From 1st April 2020, properties which do not meet the minimum E requirement are referred to as sub-standard properties.

From April 2020, all existing lets also need an E rating.

If a Landlord lets the property in breach of the regulations, the breach does not affect the validity or legality of the tenancy itself, so the rent continues to be payable. **But Landlords could face fines of up to £4,000.**

If you are managing a property that, because of its style and age, would generally struggle to meet the EPC minimum, it is possible to apply for an exemption.

## Exemptions

This registration is made on a self-certification basis and an exemption will apply, from the point at which it is registered.

The exemption only applies to the Landlord who submitted it, so if a property is sold, the new Landlords or owner would need to carry out repairs or apply again.

## Applying for an exemption...

You will need:

- the address of the relevant rental property
- which exemption type the Landlord is registering
- a copy of a valid Energy Performance Certificate for the property.

**Examples of exemptions that can be applied for**



# Brookland Estates

Property Management

- The minimum EPC rating of E does not apply, if the cost of making even the cheapest recommended improvement on a residential property would exceed £3,500 (inc. VAT).
- the Landlord is required to upload copies of 3 quotations from different installers, each showing that the cost of purchasing and installing the cheapest recommended improvement exceeds £3,500 (inc. VAT)
- if a Landlord can show that, the cost of purchasing and installing a recommended improvement or improvements, does not meet a simple 7 year payback test. This payback calculation can be found on the Gov.org.uk website.
- Where a Landlord has made all the 'relevant energy efficiency improvements' that can be and the property remains below EPC grade E, then an exemption will be given.
- An exemption will apply where the Landlord has obtained a report from a RICS independent surveyor confirming that the specific energy efficiency measures would reduce the market value of the property, by more than five per cent.

## **Where Minimum E may not apply.**

Listed buildings can also be more complicated, so seek advice at an early stage to avoid being non – compliant.

Holiday lets don't need E rating – these agreements normally form licences, rather than tenancies and are outside the Housing Act and so, are outside the scope of the EPC regulations.

Non Housing Act agreements where the rent exceeds £100,000 per annum will still need a valid EPC, but the minimum E rating may not apply – advice should be sought.

## **Action point**

Have a look at an EPC and be confident at what guidance is given out for the average property types in your area.

Contact all Landlords that have properties with F or G ratings, if you haven't already.