

# PRESS RELEASE

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## ENERGY EFFICIENCY MOVE COULD HEAT UP RENTAL COSTS



Moves by the Government to improve energy efficiency in colder rented homes could see higher rents as a result.

That's the view of Alastair Wilson, partner in Winchester-based BCM Rural Property Specialists, after Claire Perry, energy and clean growth minister, revealed that landlords owning rental properties with Band F or G EPC ratings will have to make improvements, capped at £3,500 including VAT, to make their properties more energy efficient.

The minister estimates 290,000 lettings properties could be affected, with the average cost of improvements assessed at around £1,200. But she also claims that this could result in an annual saving of £180 on energy bills for tenants.

"It's a laudable aim and there is some logic to asking landlords to pay, although before this change funding was supposed to be through the Green Deal and higher energy bills to pay for them via the tenant, at no cost to landlords," said Alastair.

"As a lettings agency, we have always advised landlords that they should look on improvements as a necessary upgrade that helps preserve the quality and longevity of their properties but ultimately if the Government is forcing the hand of landlords there might be a reaction that results in higher rents to cover costs.

"Many landlords fall into the 'accidental' category – they become landlords through letting a home to which they later plan to return to as they make a temporary move elsewhere to further their careers and let their current home to cover the cost of renting themselves in a new location.

"If their budget is tight as they have existing mortgage commitments then they will want to pass on the cost. Ultimately tenants could still face the cost, just through their rent rather than through their energy bills. Here at BCM we have always considered the Green Deal scheme as restriction on future tenants, who would have limited choices of energy supplier, so it was a flawed system that is now replaced by another one.

"Examples of measures suggested by the Government include installing floor insulation, low energy lighting, or more loft insulation. If upgrades will cost more than £3,500, landlords will be able to register for an exemption. There may be instances where other grants are available and these are worth exploring sooner rather than later. We have already seen with the grant scheme for energy efficient cars that grants can be changed or even withdrawn at short notice so it's best not to wait.



“If the cost of improvements goes beyond the £3,500 cap then the property can be registered as exempt but the current system requires renewal every five years. In effect, every five years landlords will have to reassess their properties to see if improvements can be costed at less than the cap, which is likely to rise.

“My advice would be to make upgrades as soon as possible if only to help preserve the property’s standard and even if the cap is exceeded, possibly exploring grant options to help offset the bill.”

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