



Energy Act 2011: Private Rented Sector

Lead Directorate: International Climate Change and Energy Efficiency (ICCEE)

Issue:

Improving energy efficiency in the Private Rented Sector – regulations will ensure the take up of cost effective energy efficiency improvements in the Private Rented Sector.

Policy commitment:

Chris Huhne announced that the Government will regulate to drive-up the energy efficiency performance of the Private Rented Sector.

Provisions include:

- From April 2016 landlords of residential properties will not be able to unreasonably refuse requests from their tenants for consent to energy efficiency improvements, where financial support is available, such as the Green Deal and/or the Energy Company Obligation (ECO).
- Following this, from April 2018, private rented properties must be brought up to a minimum energy efficiency rating of 'E'. This provision will make it unlawful to rent out a house or business premise that does not reach this minimum standard.
- This requirement is subject to there being no upfront financial cost to landlords. Therefore, landlords will have fulfilled the requirement if they have either reached "E" or carried out the maximum package of measures funded under the Green Deal and/or ECO (even if this does not take them up to an 'E' rating).
- The Energy Act 2011 allows the Secretary of State to exempt certain types of properties from the Private Rented Sector requirements. These exemptions will be consulted upon as part of the secondary legislation ahead of 2016 and 2018.
- Local Authorities will enforce the domestic minimum standard regulations, with the ability to impose a civil fine of up to £5000. A Local Weights and Measures Authority will enforce the non-domestic minimum standard regulations; the level of civil penalty will be defined in secondary legislation.

Background:

The Green Deal offers the Private Rented Sector a real opportunity to improve the energy efficiency of its stock. Under the Green Deal, landlords will be able to make energy efficiency improvements at no upfront financial cost to themselves. Tenants will repay the cost of the measures through their energy bill savings, whilst enjoying a more energy efficient property . In this way the Green Deal is mutually beneficial to both landlords and tenants.

We expect landlords will respond positively to this offer, particularly as the Private Rented Sector has some of the biggest gains to be made. For example, the residential Private Rented Sector has the largest proportion of lowest-rated (EPC band G) properties of all tenures (5.8% compared with 3.4% in owner-occupier).

In the non-residential sector, approximately 62% of properties are rented. Currently around 18% of registered non-residential buildings have an EPC rating of F or G.

DECC has committed to working with the sector, in advance of regulations coming into force, to encourage take up of the Green Deal. Landlords will be able to plan energy efficiency improvements effectively ahead of regulation, taking advantage of void periods and normal upgrade cycles.

Next Key Event:

Working with landlord organisations to unblock barriers and encourage uptake of the Green Deal ahead of the introduction of regulations in 2016 and 2018

A full impact assessment will be carried out in advance of secondary legislation, to analyse the impact of regulations, and we are committed to ensuring there are no net negative costs on landlords.