

# Business

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## The Energy Act 2011

The Energy Act 2011 contains a number of provisions which will affect owners and occupiers of property.

Probably most significant are the proposed minimum energy standards. From April 2018, the proposed legislative changes would make it unlawful to let residential or commercial properties with an EPC Rating of F or G (i.e. the lowest 2 grades of energy efficiency).

This could have very significant implications for landlords, and for occupiers who wish to assign or sublet space, including:

- Marketability of some properties would become impossible unless they were upgraded to meet the minimum standards.
- It is estimated that approximately 20% of non-domestic properties could be in the F & G rating brackets.

Further clarification on the transactional trigger for minimum energy standards is awaited; however the new minimum standards could apply to all lettings and re-lettings, including sub-lettings & assignments.

Valuations of such properties could be affected if their marketability is diminished. Rent reviews for properties in this situation could also be affected. Implications for dilapidations assessments would also exist.

Given this risk to property owners and occupiers it is clear that a full understanding of the energy efficiency of your property assets should be attained.

Thereafter owners and occupiers will need to assess the costs and viability of undertaking retrofits or refurbishments, and possibly bringing forward properties for marketing prior to 2018 or re-gearing leases.

Property owners and occupiers should also consider how their property values may be affected. Linking minimum energy standards to the “Green Deal” The Government believes that the “Green Deal” may provide a financial solution to support energy efficiency refurbishment and retro-fit projects.

Landlords and sub-letting occupiers will need to achieve an EPC “E” rating or have implemented the maximum package of works allowable under the Green Deal (even if they fall short of the “E” rating required).

Exemptions may be made for certain types of properties via secondary legislation. Trading Standards Officers will enforce the rules for commercial properties; the precise level of fines will also be part of the secondary legislation.