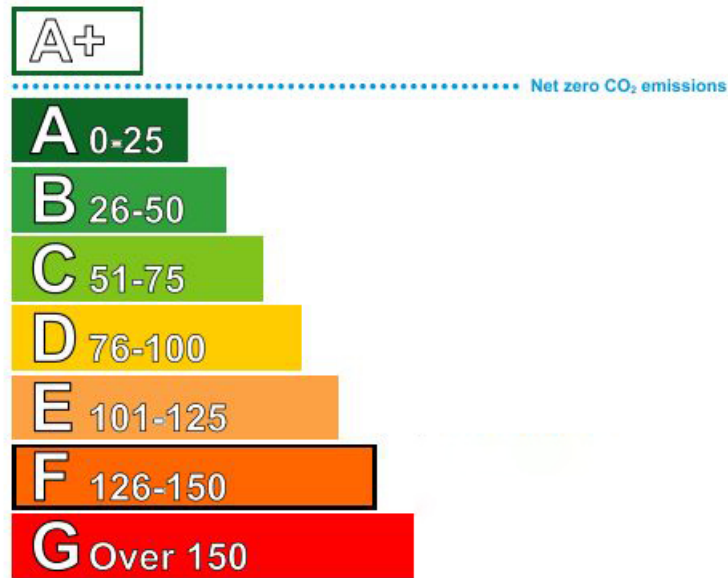


## MINIMUM ENERGY EFFICIENCY STANDARDS IN THE NON DOMESTIC PRIVATE RENTAL SECTOR

### MEEES 2016

Did you know that there are new laws coming into effect from April 2018 which will affect the non-domestic private rental sector?



The key facts:

2016	1	MEEES (the Minimum Energy Efficiency Standards) are law now, setting a minimum standard of “E”.
	2	It is estimated that up to 20% of non domestic properties in England and Wales have an F or G EPC rating.
2018	3	From April 2018 - the regulations will be enforced upon the granting of a new lease as well as lease renewals.
2023	4	From April 2023 - the regulations will apply to all privately rented property in scope of the regulations, including where a lease is already in place and a property is occupied.
2025+	5	The government has declared their wish to raise those standards further such that the minimum standard is likely to rise to a D by 2025 and a C Rating in 2030.
	6	Financial penalties for non compliance could be as much as £150,000.

The regulations only affects properties that are leased or rented post April 2018.

Properties may be sold post April 2018 with any EPC rating however the value may be affected.

Property owners should be aware that even if they have no obligations to achieve the MEEES standards banks and other funders are considering marking down the property value by as much as 40% for those properties NOT achieving the standard.

	Action required by April 2018	Action required by April 2023
Property owned and currently let to tenant who continues to occupy post April 2018.	No action required.	Property requires upgrading to achieve a minimum of “E” rating.
Property owned and let to NEW tenant post April 2018.	Property requires upgrading to achieve a minimum of “E” rating at time of lease.	
Property owned by SIPP and occupied by owner of SIPP who continues to occupy post April 2018.	No action required.	Property requires upgrading to achieve a minimum of “E” rating.
Property owned by SIPP and occupied by tenant who continues to occupy post April 2018.	No action required.	Property requires upgrading to achieve a minimum of “E” rating.
Property owned by SIPP and let to NEW tenant post April 2018.	Property requires upgrading to achieve a minimum of “E” rating at time of lease.	
Property owner occupied, (same legal entity).	No action required.	No action required, however you should be aware of any negative impact on property valuation.
Property owned and occupied past April 2018, where rent is paid to third party, eg wife.	No action required.	Property requires upgrading to achieve a minimum of “E” rating.
Property sold post April 2018 but pre April 2023.	No action required however potential purchasers will be aware that the property may require upgrading, which could impact on value.	

## What are the Minimum Energy Efficiency Standards?

From April 2018 changes to legislation will make it unlawful to agree a new lease for a commercial property with an Energy Performance Certificate (EPC) rating of F or G.

## Who will MEES apply to?

MEES will apply to new lettings and lease renewals on or after the 1 April 2018, the landlord/property owner will need to ensure that the property meets MEES before the lease is granted. However as of 1 April 2023 all privately rented property will be required to meet MEES.

## Who will MEES not apply to?

Properties that do not require an EPC under current regulations will not be required to meet MEES. Moreover MEES does not apply to short lettings (6 months or less) and lettings over 99 years or more.

## Are there any penalties for non-compliance?

Financial penalties for non compliance are linked to the rateable value of the property, but could be as much as £150,000.

## What are the key dates?

April 2018 - The regulations will be enforced upon the granting of a new lease as well as lease renewals. April 2023 - The regulations will apply to ALL privately rented property in scope of the regulations, including where a lease is already in place and a property is occupied.

## Why is it being enforced?

The Energy Act 2011 contains a number of provisions that will affect owners of property; the most significant of these is MEES, which aims to improve the energy efficiency of the most energy inefficient properties.

MEES also contributes to the UK legislative targets of reducing CO2 emissions for all buildings to around zero by 2050.

## Are there any exemptions?

Landlords can be made exempt from MEES if they are able to demonstrate one of the following:

They have carried out all cost-effective energy efficiency improvements.

Measures Identified by Green Deal or an alternative government scheme are not cost effective (devalue the property by 5% or more. Or fail to raise the EPC rating above an F)

Or If third-party consents are not available despite reasonable effort.

All of these exemptions are likely to have a time constraint attached to them.

## What Next?

Given the risks to property owners, it is clear that a full understanding of energy efficiency is required for your property assets, in order to see if you are satisfying MEES regulations.

For more information please contact Hyde Harrington.

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