Fines, extensions, spending limits: navigating the new EPC confusion

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By Sophie Mitchell-Charman, Commercial Director

Another month, another layer of confusion added to the questions around the government's policy around EPC ratings for private landlords.

This time, confusion hasn't emerged from a lack of information, but from a report in The Daily Telegraph, nominally derived from the government's long-muted consultation findings on its EPC policy.

Just as a refresher:

- The government announced it would require all private landlords of new-build properties to have an EPC rating of C or above by 2025, and of older properties by 2028
- It launched a consultation on these measures in 2021, of which we have not heard anything from

Then came The Telegraph's report. Now it needs clarification that this isn't the official government line, but it is the closest the sector has had by means of an update in a long while.

Here are some of the suggested policies:

- The 2025 deadline will be extended to 2028 for all rental properties
- Ministers are considering a punitive scheme to fine landlords up to £30,000 if they fail to upgrade their properties by this date
- The maximum spend cap on upgrades will be £10,000, originally £3,500
- One more time for luck: it is important to clarify that no decisions have been made.

What does it change?

Meaningfully? Nothing, because they aren't confirmed changes. But even if they were confirmed, should this change landlord behaviour?

Ultimately, no. Net-Zero is on the horizon and landlords will need to meet those obligations like everyone else, the trick is timing when to do it.

After a winter dominated by discussions on energy bills, which isn't a problem that will vanish readily, investing in these properties to pass on the bill savings to themselves and their tenants is a double positive: helps hit a 2025/2028 target, and gives themselves an additional selling point to prospective tenants.

We've long advocated for making the investments necessary to hit required EPC standards early.

This future-proofs your investments against further changes. The delays from government and churn in housing ministers is testimony to the fact the sector shouldn't wait for direction on this.

How can they make the improvements?

We know because of 2017's PRA changes that 22/23 will be busy remortgage years as landlords had previously taken on 5-year fixes to try and avoid the impact of those changes.

After last year's market turmoil, a lot of landlords will also find themselves on trackers.

As remortgages approach, this is a valuable time to fund investments in their portfolios, by capital raising on one or two properties to fund investments elsewhere.

Alternatively, refurbishment bridging or Bridge-to-Let products will help them navigate.

Looking ahead, regardless of government confusion, EPC changes are coming, so landlords should be proactive for their own peace of mind, while also offering the best quality properties to their tenants.

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