Room for Improvement

Preparing landlords for new minimum energy efficiency standards





Executive summary

This summer, Citizens Advice's report <u>Through the Roof</u> found that renters are facing a crisis of high rents, disrepair and debt. Increasing minimum energy efficiency standards (MEES) in the private rented sector would bring down energy bills for tenants and make rented homes warmer and healthier. It's positive to see the Government making progress on its commitment to boost energy efficiency standards as part of its Warm Homes Plan, with a consultation expected by the end of the year. But successfully improving standards in the private rented sector will require action from landlords.

In this report, new research with private landlords explores what is needed to bring landlords on the journey to retrofitting their properties and meeting new regulations.

We found that although landlords agree that they have a responsibility to provide safe and energy efficient homes for their tenants, in practice **80% of landlords had no plans to make energy efficiency improvements in the next 5 years** when we surveyed them in June.¹

That means that regulation is a key incentive for landlords to take action on energy efficiency. It's essential that the Government acts quickly to bring new minimum energy efficiency standards (MEES) into regulation, so that all privately rented properties meet Energy Performance Certificate (EPC) level C by 2030.

But inconsistent messaging and policy reversals from the previous Government on energy efficiency in the private rented sector has delayed progress. We also found low levels of awareness among landlords about the current rules around MEES, with **only 1 in 5 landlords (21%) able to identify the correct current minimum legal level of energy efficiency in privately rented homes**. And a third (32%) of landlords didn't know the EPCs of all of their properties.

Improved MEES are essential for raising standards in the private rented sector, decarbonising homes in line with the Government's net zero goals, and cutting bills as part of its Warm Homes Plan. The Government should take a three-pronged approach to prepare landlords for regulation:

Recommendations

The Government should explore practical support options to help landlords deal with the cost of making upgrades. These could include green finance options such as low-interest loans or making energy efficiency improvements deductible against income tax.

Support should be backed up by enforcement action where landlords don't meet required standards. As well as ending Section 21 evictions and preventing any harmful loopholes, the Government must give local authorities the resources to take genuine action.

The Government should provide a clear and tailored communications strategy to inform landlords about the MEES policy and the support available. The Government should also provide certainty by acting quickly to legislate for changes, and providing a clear timeline for the new regulation - including interim deadlines for new tenancies to meet standards.

Introduction

Renters are facing another tough winter, with rising rents exacerbated by high energy bills due to poor energy efficiency.

Government statistics show that nearly a quarter of all households in England living in the private rented sector are in **fuel poverty**, ² meaning they live in energy inefficient properties and can't keep their homes warm without falling into poverty. And 54% of the private renters Citizens Advice helps with debt advice are in a negative budget. ³

If you're in a negative budget, the cost of your essential outgoings - like rent, food and bills - is higher than your income.

This summer, our report <u>Through the Roof</u> found that:



More than a third (36%) of renters said they couldn't heat their homes to a comfortable temperature last winter, compared to 31% in winter 2023.



Even in summer, almost half (40%) of renters, or 4.3 million people, are living with mould or damp - including 1.16 million children.⁴

Official statistics show that over 50% of homes in the private rented sector have poor energy efficiency, with ratings below EPC C.⁵ Lone parents with dependent children live in the least energy efficient homes.⁶ At the same time, more than half of private renters have faced an increase to their rent in the past year, with 1 in 5 facing a monthly hike of over £100.⁷

As prices of essentials have risen, private tenants are already having to face impossible choices to meet costs. 39% of renters have already cut back on essentials including heating to pay their rent. Renters simply can't afford to be losing money through wasted energy that leaks out of their windows and walls. And those in inefficient homes are more likely to be uncomfortably cold or facing dangerous damp and mould.

We have long **called** for previous governments to strengthen the Minimum Energy Efficiency Standards (MEES) for homes in the private rented sector to EPC C. We welcome the new Government's commitment to do this by 2030.

This will require many landlords to make changes to their rental properties. In this report, we explore the views of landlords to understand how to bring them along this retrofit journey. When regulation changes, it's essential that landlords are ready to carry out the necessary upgrades and have the right information and support to comply successfully.

We commissioned a representative poll of 1,059 landlords in the UK to understand landlords' views on energy efficiency and the support they need to implement changes. All data in this report is from this research, unless otherwise indicated.



What are the rules in the private rented sector?

At the moment, privately rented properties must reach a **minimum EPC of E.** It's illegal to rent out a property with an EPC lower than E unless the property has an **exemption**. Landlords must also provide tenants with the EPCs of their properties.

The Government has committed to raising the minimum EPC level for privately rented properties to C by 2030.

What are Energy Performance Certificates (EPCs)?

Energy performance certificates (EPCs) provide information on a property's energy use and expected typical energy costs, based on a survey from a qualified assessor.

EPCs can be rated between A for the most efficient homes, or G for the least efficient. The EPC of a property can be checked via the open access <u>register</u>.

More widely, the Government introduced its **Renters' Rights Bill** to Parliament in September 2024. The bill is currently passing through the House of Commons - and when it becomes law, it will address some of the key issues currently facing renters:



Section 21 'no-fault' evictions will be banned, and landlords who evict tenants in order to sell or move into the property will need to give 4 months' notice. The ban and the increase in notice periods will give tenants more security against arbitrary evictions. But the Section 21 ban must be watertight to prevent rogue landlords using loopholes to evict tenants or forcing tenants out through unfair rent hikes.



Tenants will be able to appeal above-market rent increases more fairly. We've also called for an end to demands for multiple months' rent upfront.



Awaab's Law will be extended to the private rented sector, meaning landlords will have timelines in which they must address serious issues like damp and mould.



Private landlords will need to join a new Ombudsman service and register with a new Private Rented Sector database. This will give tenants more information and avenues to take action against rogue landlords.

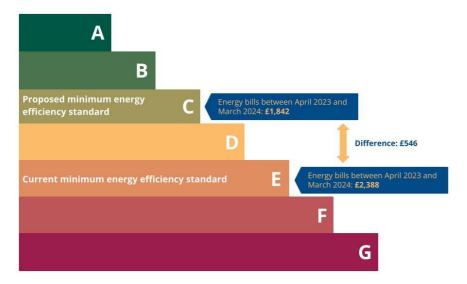


Local councils will have new duties to investigate breaches from landlords, and new powers to impose civil penalties and stronger rent repayment orders.

Warmer homes deliver benefits to tenants and landlords

Poor energy efficiency exacerbates the already tight budgets of many private renters. In 2023, private renters in England and Wales wasted £1.1 billion on energy that leaked out of walls and windows. And 1 in 3 renters who have experienced damp, mould or excessive cold say their energy bills have risen as a result. In many cases, renters are left paying over the odds for their energy bills but are still unable to keep their home at a comfortable temperature.

Citizens Advice analysed how much renters could save if all rented properties with EPCs of D or below were upgraded to at least a C rating. We found that between April 2023 and March 2024, renters would have saved an average of £354.47. And privately renting households with the current minimum standard of EPC E would have saved an average of £545.56.¹¹



Using data from Citizens Advice's National Red Index, we estimate these savings would have prevented 30,000 renters falling into a negative budget in the last year.¹²

And living in a cold and damp home also increases the risk and severity of a range of health conditions, including heart attacks and strokes. In 2023, Citizens Advice's report Home Advantage found that upgrading all inefficient homes in Great Britain to EPC C would prevent 6,000 excess winter deaths per year and stop 670,000 children from developing asthma by 2030, saving the NHS £2 billion by 2030.¹³

Energy efficiency also creates benefits for landlords



More efficient homes are less likely to suffer from damp and mould, meaning landlords will spend less time and money on repairs.



Reducing tenants' energy bills puts money back in their pockets and makes them less likely to be in rent arrears.



Improving energy efficiency can increase property values by up to 20%, according to industry analysis.¹⁴

Landlords agree that they should provide safe and warm homes

In our survey, landlords overwhelmingly agreed they had a responsibility to provide safe, healthy and comfortable homes:



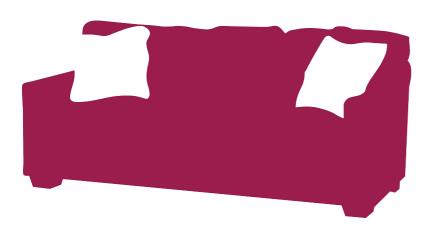
94% think they have a responsibility to make sure their properties don't cause health issues eg through damp and mould.



89% think they have a responsibility to make sure their properties are comfortable to live in.



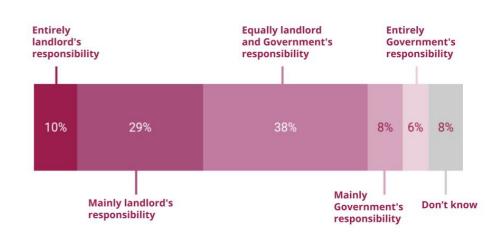
71% think they have a responsibility to make sure their properties are energy efficient.



Where landlords were planning to make energy efficiency improvements in the next 5 years, the most common reasons were to increase the property's comfort and warmth (38%), and to reduce tenants' energy bills (34%).

And landlords largely agree that they have a responsibility to fund energy efficiency improvements. 39% think that funding energy efficiency improvements in the private rented sector is mainly or entirely the landlord's responsibility, with only 14% believing it is mainly or entirely the Government's responsibility.

Whose responsibility is it to fund energy efficiency improvements in PRS



...But most landlords have no plans to make improvements in practice

But while landlords feel positively about their responsibilities to provide warm and efficient homes in theory, the vast majority have no plans to make improvements in practice.



of landlords said they weren't planning to make any energy efficiency improvements in the next 5 years.



31% said it was too expensive



22% intend to sell the property



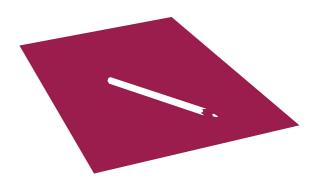
19% believed energy efficiency improvements weren't suitable for their property



15% cited a lack of Government support

22% of landlords who had planned to make energy efficiency upgrades cancelled them when the previous Government scrapped plans to raise minimum energy efficiency standards.

This shows the ongoing damage of stop-start policymaking in this space, which has sent confusing messages to landlords and dampened demand for much-needed improvements in the private rented sector. If these planned upgrades had gone ahead, more homes in the private rented sector would have already benefited from improved warmth and efficiency. It is clear that regulation is a key incentive for landlords in making upgrades, but inconsistent policy messaging is a barrier to landlords taking action. The Government must ensure the delivery of the Warm Homes Plan considers this and sets out a decisive path for landlords to make changes.



Landlords have low understanding of energy efficiency regulations

Almost a quarter (23%) of landlords we polled said all their properties were already EPC C or higher, meaning they would be unaffected by new regulation on minimum energy efficiency standards. But the majority of landlords will likely still need to take some form of action to meet new standards. Landlords will need to have the right information to ensure they understand what's required of them.

However, our polling found that the majority of landlords had low understanding of minimum energy efficiency standards.

Only 1 in 5 (21%) of landlords could correctly identify the current minimum EPC level of E - even though landlords have been legally required to meet this standard since April 2020.



32% of landlords said they didn't know the minimum energy efficiency standard



69% of landlords who said they knew the minimum energy efficiency standard selected the wrong answer, with 27% believing the minimum EPC was already C or higher

Awareness levels were even lower among those with just one property, or those who relied on management agencies.

And a third (32%) of landlords were also unaware of the current EPC of at least one of their properties. Again, those with fewer properties or who didn't manage their portfolio directly were more likely to be unsure of their EPCs.

Until they know their properties' EPCs, landlords won't know whether their properties will require improvements to meet new standards or how extensive these improvements will be. They also won't know which measures are recommended for their properties. Without this awareness, it's impossible for landlords to plan for new regulation or identify what appropriate support might be available for them.

We found that the majority (3 in 5) of landlords plan on renting out their properties for at least the next 5 years. 34% said they would sell at least some properties if minimum energy efficiency standards were increased to EPC C with the previously planned cost cap of £3,500, but most would reconsider this decision if there were more support options.

In order to prepare for new regulation on energy efficiency, landlords will need to understand the rules and how their properties fit into the standards. Without knowledge of current regulation and the planned changes, as well as the EPCs of their properties, landlords will be unable to plan for the new standards or make informed decisions about their properties. This lack of awareness of energy efficiency is a key barrier to landlords successfully complying with future MEES regulations.

Spotlight - information and support must be tailored

We found views towards energy efficiency upgrades differed between landlords depending on their portfolio size and whether they outsourced management of their properties. Those with just one property and those who used management agencies for all their rental properties were generally **less likely to have made upgrades**.



Only **31% of single property landlords** had made energy efficiency upgrades in the last 5 years



In comparison, **63% of landlords with 5 or more properties** had made upgrades.

Single property landlords have lower profits than those with larger portfolios, which may result in smaller margins to pay for upgrades. Single property landlords are also less likely to be planning to remain in the market over the next 5 years (49%, compared to 75% of those with 5 or more properties) and less likely to see renting out properties as a long-term investment opportunity. This may discourage this demographic of landlords to invest in improvements that would bring long-term gains.



Landlords who say all of their properties are managed by a property agency are also about half as likely to have made any energy efficiency improvements in the past 5 years (24%) compared to those who manage all their properties directly (47%).

This may reflect a lower level of personal engagement from these landlords in the day-to-day running of their properties. It is important that the Government considers the role of property agencies in advising and supporting landlords through the regulatory changes.

Spotlight - information and support must be tailored

Single property landlords and those who used management agencies also had **lower awareness of energy efficiency**.



Around 9 in 10 (89%) landlords who manage all their properties through an agency were unable to identify the correct current minimum energy efficiency standards. And 88% of those with one property didn't know the correct current standards, compared to 55% of those with 5 or more properties.



Almost half (45%) of landlords who manage all their properties through an agency don't know the EPC of at least one of their properties. And over 4 in 10 (41%) of landlords with only one property say they don't know its EPC, while only 18% of landlords with portfolios of 5 or more properties say they don't know the EPC of at least one property.

This indicates that some landlords will be approaching the new regulations with a much lower level of background knowledge around energy efficiency in general and their properties in particular. These landlords will likely need more targeted engagement to ensure they understand their responsibilities.

The Government should also consider **which bodies it needs to collaborate with to provide information and support**. When we asked landlords which information sources they would consult before making energy efficiency improvements, **Government websites were the most popular option**. But significant numbers of landlords also said they would consult local authorities, tradespeople or other non-Government online sources such as the Money Saving Expert website. Communicating effectively with landlords about new regulations will require collaboration to deliver information using a variety of channels and ensure that landlords can find the information they need.

The Government should provide a clear and tailored communications strategy to inform landlords about the MEES policy and support available.

Support in meeting upgrade costs can help landlords stay in the market

Landlords have a responsibility to provide efficient homes for their tenants. But it's important to offer landlords support in making these improvements. Without support, landlords may not be able to take the effective action that would deliver the benefits of regulatory change to tenants.

We asked landlords who said they would sell at least some properties if MEES requirements were tightened which measures would help them stay in the market. 72% of landlords with intentions to sell identified at least one support measure that would persuade them to stay in the market:



52% said energy efficiency grants specifically designed for all landlords, regardless of portfolio size. These would allow landlords to make energy efficiency improvements without paying for upfront costs.



38% said making spending on energy efficiency improvements deductible against income tax rather than capital gains tax. This would provide an immediate tax incentive for landlords making energy efficiency investments, by allowing them to offset spending against that year's income tax rather than against capital gains tax when the property is sold.



23% said extended interest-free financing. This would provide landlords with support to meet the upfront costs of energy efficiency improvements, and pay this back over a longer timeframe.



16% asked for extension of VAT relief on energy efficiency measures. This could cover more energy efficiency measures for a longer period of time, reducing the overall cost of making improvements.

Each of these options would have varying levels of cost, and the Government will need to consider the most effective targeting of funds. Millions of homes across different housing tenures will need to be upgraded as part of the net zero transition, and landlords are more affluent than the general population with higher levels of savings.¹⁵ Around half (48%) make annual profits of over £5,000 from their residential properties.

The Government will therefore need to consider how much landlords should be expected to self-fund and how much should be paid for by public money. It should also consider targeting support so that those with the fewest resources receive the most help. It is important that any support for the private rented sector delivers warmer and cheaper homes for tenants.

Energy efficiency schemes - a lost opportunity?

In our survey, energy efficiency grants were a popular option among landlords to help them meet the costs of improvements. But there are already several Government schemes providing financial support with energy efficiency improvements that are open to privately rented homes (subject to landlord permission and, in some cases, requirements around the landlord's portfolio size).

And privately rented homes tend to be under-represented within these schemes, even though they have high levels of fuel poverty. For example, **just 14% of homes that have benefitted from the ECO4 scheme were in the private rented sector**. ¹⁶

Energy Company Obligation Scheme (ECO)

Under the ECO scheme, low-income and fuel poor households can receive grants for measures such as insulation and heat pumps. Under ECO, households generally receive multiple measures under a 'whole-house' approach to retrofit.

<u>Eligibility</u> for ECO4 is based on the EPC rating of the property and the renter's circumstances. If their tenants are eligible, landlords can use the scheme to help fulfil their obligation to make upgrades under the minimum energy efficiency standards regulation.

Other available schemes include the Home Upgrade Grant (HUG), which allows local authorities to provide energy efficiency upgrades and clean heating systems to low-income households in England that aren't connected to the gas grid. And the Great British Insulation Scheme (GBIS) provides funding for single insulation measures. The upcoming Warm Homes: Local Grant, which will offer grants of up to £30,000 for energy efficiency and clean heating, will also be open to landlords (with a 50% landlord contribution from the second benefitting property onwards).

But there was extremely low awareness among landlords of the funding support that is currently available to properties in the private rented sector.



93% had not heard of ECO or the Home Upgrade Scheme.

This means that landlords may be missing out on currently available support to improve their properties. Government schemes offer existing opportunities for landlords to support their tenants in receiving energy efficiency upgrades, delivering benefits for renters as well as allowing landlords to improve their properties in line with new regulation. Promoting current support schemes more effectively would help raise awareness and translate landlord interest in energy efficiency grants into action, allowing landlords to take advantage of current and planned support.

Renters need protection

Any promotion of schemes like ECO or the future Warm Homes Local Grant should be backed up by **safeguards for tenants**. Landlords can only receive funding under these schemes as a result of their tenants' incomes or circumstances. It is only fair that these tenants should receive the benefit of the energy efficiency improvements that they have qualified for funding for.

These protections should include **periods where landlords** can't sell a property that has received funded upgrades without paying back costs. This will act as a disincentive for landlords who would seek to evict tenants immediately after receiving funded upgrades.

The First-Tier Tribunal, which deals with disputes around rent, should also treat energy efficiency upgrades as the **tenant's own improvement** if they have been funded by grants that are based on the tenant's characteristics. This would mean a landlord shouldn't raise the rent based on the increased value from the upgrades. This change would help tenants challenge landlords who use grant-funded improvements to the property as a pretext to raise rents, cancelling out the financial benefit to the tenant of cheaper bills.

Landlords should be given the information and guidance to access available financial support to improve their properties. But without protections for tenants, renters risk facing unintended consequences of eviction or rent hikes as a result of energy efficiency improvements.



Ω Maya's story¹⁷

Maya lives with her husband and children in a home they rent from a private landlord. They had substantial energy efficiency upgrades installed through a Government grant, which they were eligible for because they receive benefits. But Maya came to Citizens Advice for help when the landlord asked for a £500 rent increase after her home was upgraded. This would have left Maya's family facing a £900 shortfall between their local housing allowance (LHA) and their rent, making it unaffordable to stay in their home. Maya tried to negotiate the rent with the landlord, but has now been issued with a Section 21 eviction notice. Maya and her husband believe that **now the** property is in an improved condition thanks to the grant funding they secured, the landlord wants to find more affluent tenants who will pay higher rent.



Current enforcement isn't sufficient

Under current regulations, privately rented properties must meet a minimum EPC standard of E. But **enforcement is lacking and can vary between local authorities**, which are responsible for enforcing the regulations. Research has shown that many local authorities are taking an 'intelligence-led approach' - meaning they are waiting for renters to make complaints, rather than enforcing proactively.¹⁸ And analysis from the Committee on Fuel Poverty suggests that there are currently around 215,000 privately rented properties in England that don't comply with the current minimum standards, and don't have an exemption.¹⁹

But an insecure and unaffordable rental market means there are barriers to renters taking action to address poor energy efficiency. Our report Through the Roof found that more than a third of the 3.9 million renters who've faced problems with damp, cold or mould didn't complain to their landlords. More than 1 in 5 of those who didn't complain said this was because they were worried this would lead to eviction, while 38% were concerned about rent hikes.²⁰ This means that we can't expect renters to enforce against their own landlords.

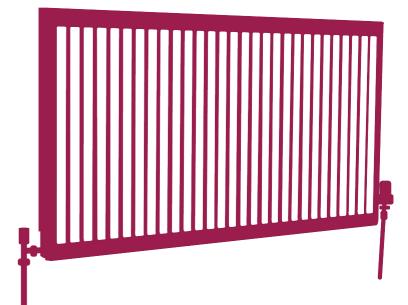


Even when renters do complain, action isn't always taken. In the past year we provided advice to 331 renters who approached us because they were living in properties with an EPC rating below the minimum standard.²¹



Beverly's story²²

Beverly lives with her children in a privately rented home with an EPC of F. Her asthma is getting worse and she has had multiple chest infections, which her doctor has confirmed is due to mould in her home. Beverly also has very high energy bills because her home is so inefficient, and is spending her own money replacing furniture that has been damaged by mould. Beverly came to Citizens Advice for help because she has complained to the landlord multiple times but he has refused to take any action.



Support for landlords must be backed up by robust enforcement where standards aren't met

Support and information should be available to landlords to help them comply with new regulations. But **there must be consequences for landlords who choose not to meet minimum standards**.

Addressing the insecure rental market will help empower tenants to ask for better energy efficiency. But the job of enforcing minimum standards can't be left to tenants. Local authorities must be given the resources and funding to engage proactively with landlords to ensure they meet standards, rather than relying on complaints from tenants.

We welcome the action taken by the Renters' Rights Bill to address some of these issues, including banning Section 21 evictions and extending Awaab's Law to the private rented sector. It's essential that a ban on Section 21 is watertight so that tenants feel secure enough to request changes or signpost their landlords to upgrade schemes without fearing a retaliatory eviction. This must include robust evidence requirements and enforcement for new no-fault grounds.

Positive engagement from local authorities can help landlords improve standards without needing to impose punitive enforcement measures, though enforcement action such as fines may be necessary in some situations. Local authorities must have the support and resources to engage proactively and enforce effectively.



A well-resourced, proactive approach to local authority enforcement will help to make sure that improved regulation leads to improved standards for renters.

Recommendations

The Government needs to push ahead with requirements for all private rented homes to meet EPC C by 2030. This should include interim milestones for new tenancies to meet EPC C, with 2030 acting as a final backstop for all tenancies.

And the Government must ensure that any caps on cost should cover at least the average cost of upgrading to C.

Cost caps set a maximum amount that landlords need to spend on making energy efficiency improvements in order to meet regulation. At the moment, that cap is £3,500 - once they've spent this amount, landlords can register for an exemption and don't have to make further improvements, even if the home still doesn't meet the standard.

The current cost cap doesn't cover the average cost of bringing a privately rented property to EPC C, which the most recent figures estimate at £7,633. 23 And some properties will be more expensive to upgrade, for example if they have solid walls. The cost cap must be reviewed to make sure it covers average costs and doesn't leave large numbers of renters continuing to live in inefficient homes that have only been partially upgraded.

Any new cost cap should also be **clearly communicated to landlords**, so that they understand that the cap represents a maximum spend rather than the average or default. Almost a third of privately rented homes could be improved to EPC C for less than £5,000.²⁴

And some landlords will be able to access Government grant funding, which in some cases will cover the full cost of necessary upgrades. The Government should also explore options to provide additional support to those whose properties are more expensive to upgrade, so that the cost cap doesn't become a barrier to providing meaningful improvements to tenants in the most inefficient homes.

There is currently extremely low awareness about energy efficiency regulation. The Government needs to consider how to improve landlord understanding of energy efficiency to equip them for the new standards. But **information on its own won't guarantee action from landlords.** The Government should therefore take a three-pronged approach to provide a wider package that includes **both support to comply and consequences for non-compliance**. To make sure that all privately rented homes are successfully upgraded by 2030:



The Government should explore practical support options to help landlords deal with the cost of making upgrades.



Support should be backed up by enforcement action where landlords don't meet required standards.



The Government should provide a clear and tailored communications strategy to inform landlords about the MEES policy and the support available.

Recommendation 1: Support should be available to help landlords meet the upfront costs of improvements

Upgrades to leaky privately rented homes are much-needed. But making meaningful improvements will include costs to landlords. While these improvements represent investments for landlords and will be affordable for many, where costs are excessive landlords shouldn't be left to face them alone.

Kickstarting the market for 'green finance'

The Government should take the opportunity to kickstart the 'green finance' market. This could include working with banks to offer 'green mortgages', which reward homeowners with better mortgage interest rates or cashback if their property is more energy efficient. It can also explore low or zero interest Government-backed loans to address upfront costs. Developing green finance measures will also be central to addressing the costs of the wider decarbonisation programme, which will require owner occupiers as well as landlords to make changes to their homes.



Improving tax incentives to make energy efficiency improvements

The Government could also explore options to allow landlords to deduct the cost of making energy efficiency improvements against their taxable earnings from renting their property, in the same way as they are able to deduct the costs of other types of maintenance and upkeep. This would provide an immediate incentive to make energy efficiency improvements, rather than deducting these costs from capital gains tax at the point of sale.

Boosting uptake of existing support

The Government should also consider how to boost PRS take-up of existing support schemes such as ECO, which have very low awareness among landlords. As well as raising awareness among landlords, the Government should ensure that tenants are protected when their landlords benefit from funding for energy efficiency measures. This should include requirements to repay funding if landlords sell their properties or evict tenants within a certain timeframe, to ensure that public funding results in improved conditions and reduced fuel poverty for tenants.

Recommendation 2: Support must be backed up by enforcement action where landlords don't meet required standards

Raising the minimum energy efficiency standards will only make a meaningful difference to tenants if they are robustly enforced. While landlords should be supported to make improvements, there must be consequences for those who refuse to do so.



Local authorities need resources to take proactive action:

The Government's Renters' Rights Bill is set to give local authorities stronger enforcement powers to make it easier to identify and fine unscrupulous landlords. It is vital that local authorities are empowered to take a proactive approach to identifying and engaging with landlords who don't comply with regulation on energy efficiency standards, rather than waiting to respond to complaints from tenants.

Positive engagement from local authorities can help to support landlords in improving their properties without needing to progress to punitive measures. However, it is important that local authorities are able to levy appropriate fines where landlords refuse to comply with regulations.

Local authorities will require revenue and resources to put new investigatory powers into action and take a proactive approach to enforcement that doesn't transfer responsibility to renters.



Renters need to feel secure to raise complaints when standards aren't met

Renters need a watertight Section 21 ban so they feel safe to challenge disrepair and report landlords who are not complying with new standards. It's positive that Section 21 evictions are set to be banned through the new Renters' Rights Bill. And where landlords need to evict tenants to sell or move into the property, we've welcomed increased notice periods of 4 months and a 1-year ban on reletting. But it's important that there should be strong evidence requirements for landlords who use no-fault grounds, in order to prevent abuse.

Tackling unfair rent hikes will also help tenants feel secure in their homes and able to challenge poor conditions. Under the Renters' Rights Bill, landlords who want to increase rents will be able to do so once a year by issuing a formal Section 13 notice. Tenants will still have the ability to challenge above-market hikes, and it's welcome that tribunals will no longer be able to recommend a rent higher than the one being challenged. Now it's essential that the tribunal process has clearer criteria for a reasonable rent, and that tenants moving to new properties aren't asked to pay more than a month's rent upfront. Our blog on the Renters' Rights Bill has more detail on the wider reforms needed to the private rented sector.

While renters should be empowered to make complaints where standards fall short, tenants shouldn't be left to enforce these regulations. This is why it is vital that local authorities are supported and resourced to take active enforcement measures where necessary, rather than relying on tenant reports.

Recommendation 3: The Government should provide clear information and advice about new standards

The Government should provide a clear communications strategy to inform landlords about the MEES policy and the practical implications for their properties.

The vast majority of landlords agree that they have a responsibility to provide comfortable, efficient homes. But without regulation, only a small minority have intentions to make improvements in practice.

And at the moment, there is poor understanding among landlords around the EPC standards of their properties and the details around current and future MEES requirements, as well as the available support. This is a barrier to bringing landlords along on this journey, and helping landlords make practical preparations to meet new standards. This information gap needs to be addressed urgently if the planned energy efficiency upgrading of homes in the private rented sector is to be successful.



The communications strategy should have:



A clear timeline for the implementation of reforms. 2030 should be established as a backstop for all privately rented properties to meet EPC C, with earlier interim targets for new tenancies. This should be legislated for as soon as possible in order to provide landlords with clarity about the policy and sufficient time to implement changes. Policies such as cost caps should be communicated clearly so that landlords understand these are maximum and not default costs.



Tailored communications and signposting to advice for different types of landlords, for example single property landlords and those who use management agencies.



Awareness raising about the available support for landlords and **advice on accessing available funding.** This would help to mitigate the impact of the very low awareness amongst landlords of the availability of existing energy efficiency schemes.

References

- 1. YouGov surveyed 1,059 UK landlords between 16th May 2024 and 4th June 2024. The figures have been weighted and are representative of all UK landlords aged 18+. All figures in this report are from this research unless otherwise indicated
- 2. Department of Energy Security & Net Zero (February 2024), Annual fuel poverty statistics in England, 2024 (2023 data)
- 3. Citizens Advice (October 2024), Cost of living dashboard
- 4. Citizens Advice (July 2024), <u>Through the roof: rising rents, disrepair and evictions</u>
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Citizens Advice helps people find a way forward.

We provide free, confidential and independent advice to help people overcome their problems. We're a voice for our clients and consumers on the issues that matter to them.

We value diversity, champion equality, and challenge discrimination and harassment.

We're here for everyone.

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