

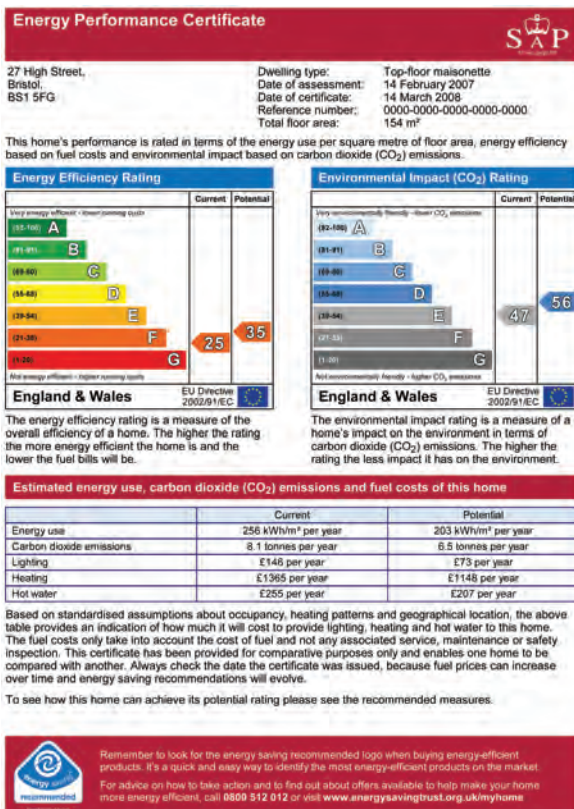
ARE LANDLORDS... facing up to their EPC responsibilities?

Recent research has revealed that many properties are being put on the market at the moment without Energy Performance Certificates (EPCs). Instead, EPC providers are being asked to produce them at the last minute - sometimes with as little as 24 hours notice - once the tenant has signed the agreement. In some cases, the tenant has moved in before the EPC is requested.

This is, of course, understandable given the current financial climate. Many landlords will no doubt be feeling that it is unnecessary to invest in the documentation required until the Heads of Terms have been agreed and completion is in sight. However, the regulations state that:

“As soon as a building is in the process of being offered to let, it is the responsibility of the prospective landlord to make available an EPC to prospective tenants.”

P.15 'Guide to Energy Performance Certificates for the Construction, Sale and Let of Non-Dwellings' (CLG)



The Trading Standards Institute has been appointed by the Department for Communities and Local Government (CLG) to enforce this requirement and can carry out checks to ensure that EPCs have been obtained where necessary. Those who fail to comply face fines of up to £5000.

Furthermore, if Trading Standards become more stringent in their policing, a supply and demand imbalance may result and landlords attempting to procure EPCs quickly to avoid penalties may be faced with longer lead times and tenant disputes. Obtaining the EPC at the earliest possible stage will therefore ensure minimal stress, reduce costs and transaction time and eliminate the risk of completion being put on hold while the EPC is produced.

Having an EPC from the initial stages may also work in a landlord's favour when negotiating contracts. EPCs give prospective tenants an indication of a building's operating costs and could therefore prove a deciding factor. It is a tenant's market at the moment and properties without comparable evidence of this kind may be overlooked or payments may be withheld until legislative requirements are satisfied.

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There has also been an increase in board approval being required for the purchase of property, where an EPC rating of 'C' or above is obtained.

Consequently, working closely with an EPC provider to ensure compliance with regulations is becoming an essential part of the sales and acquisition process.

It therefore makes sense to invest in an EPC as soon as the property comes to market. Avoiding it can prove a false economy. Landlords who ignore the risk and are fined will still ultimately have to invest in the EPC so are, in the long run, unintentionally increasing their expenditure.

Landlords with larger property portfolios could even discuss the possibility of spreading the cost over time so that the EPCs are available at the point of sale but fees are paid once the transaction has gone through, thus easing financial concerns. Additionally, many companies offer significant discounts for multiple property contracts.



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