

Energy efficiency in the PRS

New legislation to outlaw F and G rated property by 2018

The energy efficiency of property stock is an important consideration for landlords. A warm, well maintained home will make a property more attractive to tenants, as well as saving them money through lower energy bills.

The Government's Energy Bill, which includes the recently announced Green Deal, will make energy efficiency considerations even more important. From 2016, it is proposed landlords will not be able to refuse reasonable requests from tenants for energy efficiency improvements to their rented homes. Landlords will also be prevented from letting out properties ranked in the F and G energy efficiency bands from 2018, and those rated below C by 2022.



All properties must be rated A by 2030.

Most landlords are well ahead of this legislation; the majority already take very seriously maintaining, upgrading

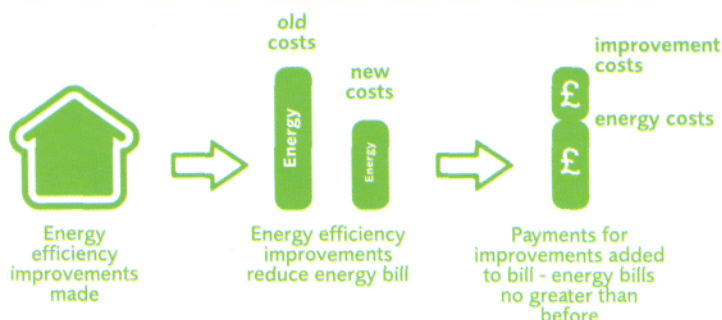
and investing in their properties. In fact, since the introduction of buy-to-let in 1996, the proportion of PRS properties in the F and G bands has effectively halved (46.7% in 1996 to 19% in 2009) reflecting the level of investment made by landlords in their properties.

Under the Green Deal, available from 2012, homeowners and tenants will be able to sign up to make their properties more energy efficient. These improvements are paid for gradually, rather than upfront, by adding a payment onto energy bills which will have gone down because of the improvements made.

Landlords are already showing an interest in the scheme as a way of making further improvements to their property. Recent Paragon research found that 63% of landlords said they would, or would consider, taking advantage of the Green Deal. The main reasons for taking advantage of the deal are to improve their property (19%), to help the environment (19%), to save money (17%) and to benefit tenants (15%).

For full details of the Energy Bill, please visit www.decc.gov.uk.

How the Green Deal works



Landlords can currently reduce the tax they pay on energy saving improvements to their property by claiming the 'Landlord's Energy Saving Allowance' (LESA). LESA is available to both individual landlords (someone who pays income tax on profits from letting) and corporate landlords (someone whose rental business is registered as a company and who pays corporation tax on profit from letting).

LESA allows landlords to claim up to £1,500 against income tax every year. You can claim LESA against the

cost of installing cavity wall and loft insulation, floor insulation, solid wall insulation, draught proofing and hot water system insulation.

You can make a claim up to 1 April 2015, when the availability of this allowance will end. For more information, and to find out if you are eligible, visit www.direct.gov.uk.

What's your view? Will you upgrade the energy efficiency of your property ahead of 2018? Tell us at thelandlord@paragon-group.co.uk.

