MEES Minimum Energy Efficiency Standards

Will your property be lettable in 2018?

The MEES (formerly known as Minimum Energy Performance Standards or ‘MEPS’) regulations will make it unlawful from April 2018 to let buildings (both commercial and domestic) in England and Wales which do not achieve a minimum Energy Performance Certificate (EPC) rating of ‘E’. As poor energy performance is not limited to old or obsolete buildings, MEES will have significant impacts for a number of landlords, tenants, and property advisors. Landlords need to take action now to avoid higher compliance costs and protect revenues from their properties.

Why MEES?
The aims of the MEES regulations are to:

• Improve the energy efficiency of the most inefficient properties (i.e. those with an EPC rating of ‘F’ or ‘G’)
• Work toward achieving the UK’s legislative targets – CO₂ emissions from all buildings must be ‘close to zero’ by 2050
• Help to tackle the traditional barrier to the implementation of energy efficiency works in buildings (aka the ‘split incentive’) where the landlord foots the bill for improvements that benefit the tenant.

The implications of MEES
These will include:

• making it impossible to market some properties unless they are upgraded
• the valuation of such properties will be affected – with associated implications for secured lending
• rent reviews on ‘F’ and ‘G’ rated properties will be affected
• there may also be implications for dilapidations assessments.
Key points

MEES will require a property in England & Wales to be brought up to a minimum Energy Performance Certificate (EPC) rating of ‘E’

MEES requires properties within the scope of the regulations to be brought up to a minimum EPC rating of ‘E’, with those properties below this (i.e. with an EPC rating of ‘F’ or ‘G’) being termed ‘sub-standard’ in the regulations.

MEES will apply to new lettings and lease renewals from 1 April 2018

MEES will apply to the grant of a lease on or after 1 April 2018, including lease renewals (where an EPC exists). The landlord will need to ensure a property complies with MEES before the lease is granted. However in certain circumstances the landlord will have six months after the lease is granted to comply – this generally being where the landlord has no choice whether to grant the lease.

MEES will apply to all existing leases from 1 April 2023

From 1 April 2023 MEES will be extended to cover all leases, including existing leases but only if the property has a valid EPC on the relevant date. There is no exemption just because an EPC was obtained voluntarily (e.g. by an incumbent tenant wishing to bring their property within the scope of the regulations and thereby applying pressure on their landlord).

Properties that do not need an EPC are not within the MEES regime

MEES only applies to buildings that require an EPC under current regulations. MEES also does not apply to very short lettings, or to lettings of 99 years or more.

Landlords will be exempt if third party consents are not available or if compliance would devalue the property

Landlord will be exempt, again for five years, if consent to undertake works is refused from a third party (e.g. Local Authority) or an incumbent tenant, or if the implementation of measures would result in a devaluation of the property by 5% or more.

An exemption from MEES may not transfer to a buyer

Where a non-compliant property occupied by a tenant is sold, or transferred to another lender in the case of receivership, the new landlord will have six months to improve the property or seek to demonstrate that an exemption applies.

Exemptions will need to be lodged on a central register

Government will create a central register for landlords to lodge evidence to demonstrate exemptions from MEES. Details of exemptions may be made public, and the register will undoubtedly be used to inform compliance enforcement.

Penalties for non-compliance could be significant

Penalties will largely be based on the rateable value of a commercial property, up to a maximum fine for non-compliance of £150,000.

The Government will review MEES in 2020

There had originally been an expectation that the minimum EPC rating under MEES would be raised over time. However, this has not been implemented, and the Government will review the performance of MEES in 2020.

Further information

For more detailed guidance on MEES and information about how our Sustainability Solutions team can assist in devising a strategy to mitigate risks and ensure compliance, please contact:

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