

## EPCs, NEWBUILDS AND OFFPLAN MARKETING: THE FACTS THAT AGENTS NEED TO KNOW

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Any residential property coming onto the market now needs to have an individual EPC, which measures its actual and potential energy efficiency. Confusion has surrounded the legislation and implementation of these reports, and in particular the implications that exist on the marketing of New Build and Off Plan properties.

New European Legislation (Regulation 17C Part L), which deals with the conservation of fuel and power in properties, came into effect in 2006. Although this is still struggling to be implemented fully, the bottom line is that from April 2008, every completed property, whether New Build or old, cannot be marketed without an Energy Performance Certificate (EPC).

### What is an EPC?

For years SAPs (Standard Assessment Procedures) have been used widely in the UK building trade to calculate the energy rating of dwellings. New European legislation has been passed which aims to standardise the way in which the findings of SAPs are produced. This has led to the development of the EPC (Energy Performance Certificate), which is a Reduced Data SAP (Rd SAP), or a template on which the energy efficiency findings of any property can be estimated.

By standardising the findings, energy data can be collected more efficiently, and a clearer picture of the energy consumption and wastage of Europe can be built up. This standardisation also allows for direct comparison between properties. The EPC document gives a rating of a property's energy efficiency and displays this in graph form- similar to those found on household appliances. The EPC does not take appliances into account, but rather looks at the performance of the building itself, and how it performs in heating and lighting.

Energy efficiency ratings come on a scale of A-G, with A being the best rating. Most homes in the UK expect to be given around band D-E rating for both their Energy Efficiency and Environmental Impact. The EPC also provides recommendations on how to improve the property's energy performance. Implementing these can lead to lower energy bills, reduced carbon deposits and can make buildings more attractive to potential buyers.

All properties require some form of SAP for their initial sale. However, the new European legislation breaks this requirement down further, and allocates the more relevant type of SAP to each particular building type.

### Why EPCs are a good thing

According to Defra, 40% of final energy consumption in the European Community is in the buildings sector. Research has shown that by improving the energy efficiency of buildings, carbon emissions could be reduced by 22%.

This is very laudable, but may not really impact upon the day-to-day business of an Estate Agent. EPCs however can deliver another selling point for property. In a market climate where fuel prices are set to continue their dramatic rise in the next 20 years, properties that are energy efficient will be seen as valuable investments. Conversely, properties that are not so energy efficient, but that come with recommendations included in the EPC, which could, for a small price, bring them up to efficiency, will also be attractive. As margins are squeezed and Agents have to become more imaginative in their selling techniques, the EPC will provide yet another tool to do this.

## The legislation, and how it has changed.

The Energy Performance of Building Directive is the legislation that controls the implementation of EPCs. This became law on 4 January 2003. Member states had 3 years in which to implement this and so the directive had to be written into UK law by January 2006.

This legislation governs very closely the environmental standards to which properties are built. The implementation of EPCs differs according to the environmental standards to which a house has been built. Properties built to prevailing Building Regulations prior to Regulation 17C, Part L, 2006 currently require an EPC. Those built afterwards do not yet need one, although they will after April 2008.

The implementation in the UK has been delayed, rescheduled and rewritten, leading to widespread confusion in the industry and massive inconvenience for businesses and individuals who have geared up to provide these certificates. The terminology is also confusing, as the Government is yet to sign off much of the existing legislation, and changes are made daily.

These delays in the publication of final drafts, training requirements and commencement dates, have made life difficult and very confusing for all involved including developers, Estate Agents as well as any SAP producers. DCLG (Department of Community and Local Government) was unable to agree on the fine detail of the report, and where the introduction of 'On Construction DEAs' would leave the professionals that currently produce the SAP reports. The changing deadlines means that the industry is reluctant to invest heavily in training programmes before an absolute final date is given, as requirements are signed off. These delays may cause problems for Rd SAP producers to build their report writing engines, ensuring that they are properly tested and integrated with existing platforms.

The delays in laying down the legislation are also hindering the training colleges who need to build the courses in order to train up the Domestic Energy Assessors (DEAs). At a time when the government is heavily pushing the New Build agenda, they are not backing this up with their actions. ERS is currently the largest employer of trained DEAs in the country, but no one, as yet, has any trained On Construction DEAs.

## New Build Properties

### New Build Properties marketed off plan

New Build Properties that are marketed off plan require a Predicted Energy Assessment (PEA). This then must be 'upgraded' to an EPC upon completion. The PEA is based on SAP legislation from 2005 and can be completed by either an 'On Construction DEA' or by any professional who has the correct software, typically architects and building controllers.

PEAs are a diluted version of the SAP assessment that is currently carried out as part of the planning and building regulation application process. It is envisaged that that architects and building controllers will, in the main, continue to carry out the majority of this work. These professionals will already hold the data and the software that they will need to produce the PEA document, and will be able to do so for little cost.

The government is allowing professionals who have previously completed SAP assessments to use their APEL (Approved Prior Experience and Learning) skills to gain a qualification equivalent to an 'On Construction DEA' with no further study. Future 'On Construction DEAs' must wait for further announcements from the government before they can begin to study for 4-6 weeks to get the qualification (at a cost of £2,000) - indeed, they must wait for the announcement before the course can even be properly designed. These delays mean that SAP assessors will cover the majority of the business available, and that 'On Construction DEAs' may find themselves qualified specialists, with no available work. This qualification will enable the DEA to make their decisions from plans using specific U-values, construction methodology and techniques that will be much more detailed and property specific than the existing Rd SAP.

### New Build Properties built prior to 2006 Part L building regulations

All New Build properties built to prevailing Building Regulations prior to Regulation 17C, Part L, 2006, currently require an Rd SAP EPC- a reduced data SAP EPC. This is only valid to April 2008, when it will have to be upgraded to a full New Build EPC. Both of these can only be produced by an appropriately qualified professional or DEA.

## New Build Properties built post 2006 Part L building regulations

Until April 2008 properties post 2006 Part L building regulations do not require a 'New Build EPC', but after this date they will become mandatory and can only be completed by an 'On Construction DEA'. As yet there is no approved qualification, as stated previously, although we expect new legislation on this to appear within the next 4-6 weeks.

### What do these changes mean for Agents?

The main change that this legislation means for Estate Agents is that every property, before marketing, must have some form of SAP rating. By October 2008, EPCs will also be a requirement of all rentals, sales and leasing of dwellings not previously covered by legislation.

Beyond this, governmental changes and backtracking mean that it is impossible to confirm what exactly the changes will be, and whether they will be lasting. Although these changes are significant, the role that Estate Agents will play in the marketing and selling of properties will not be majorly affected. As long as the Agent has a strong working relationship with a good HIP and EPC provider, who is able to provide 'On Construction DEAs', and is able to turn any energy report requirements around quickly, they will be as prepared for future changes as they can be.

### A houseful of Acronyms: The Glossary

HIP	Home Information Pack
EPC	Energy Performance Certificate
SAP	Standard Assessment Procedure for Energy Rating of Dwellings
Rd SAP	Reduced Data Standard Assessment Procedure
DEA	Domestic Energy Assessor
PEA	Predicted Energy Assessment
On Construction DEA	A Domestic Energy Assessor who is trained to calculate the potential energy efficiency of a property that is not yet completed
APEL	Approved Prior Experience and Learning
New Build EPC'	A version of the EPC that will apply to all New Build Properties. The Industry is still waiting for further clarification from the Government as to what they will entail.
DCLG	Department of Community and Local Government