

PropertyQuote

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A Landlord's Guide to the Green Deal



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The last twenty years have seen environmental issues move from the backbenches of political discussion right into the fore, and governments around the world are more concerned with the green agenda than they have ever been before. Every area of society is now scrutinised for its environmental credentials, and buy-to-let property is no different.

This is why the coalition government has introduced a number of measures aimed at landlords, collectively referred to as the 'Green Deal'. While the main aim of the initiative is to boost energy efficiency in the rental property market, the measures themselves are generally also good news for landlords. So what do you need to know about the Green Deal, and why do you need to act now?

The 'Cut-off' Point

The first thing that all landlords should know about the Green Deal is that there is a piece of legislation due to be further discussed in parliament over the coming years that will prevent landlords from letting properties under a certain EPC energy efficiency rating.

At present it's undecided what rating the cut-off point will be set at. Current government advice is recommending that it will be set at a category 'E', and while this will be far below most properties there certainly will be some who fail to meet the requirements. You are likely to have until 2018 to make amendments to your properties' energy efficiency.

Energy Saving Improvements

The good news about the Green Deal is that the government is prepared to help landlords, both practically and financially, to improve the energy efficiency of their properties and get them up to speed before the cut off date.

The sorts of improvements that can save you money include cavity wall insulation, double glazing, loft insulation and draught-proofing. It might also be that your property qualifies for renewable energy production, meaning you could be able to install wind-turbines or solar panels on your property.

Green Deal Assessments

The first step to securing investment for environmental improvements is to have a Green Deal assessment at your property. You cannot install anything under the Green Deal unless you first have an assessment, and without it you won't be entitled to cashback which you could be otherwise

You can find a Green Deal assessor from the HM Government website found here: <https://www.gov.uk/green-deal-energy-saving-measures/get-an-assessment>

Some assessors will charge a fee for their assessment, so make sure it's something you really want to invest in before seeking one out.

Paying for your Improvements

Once you've found out how you could improve on your properties' energy efficiency, you can then decide whether you'd like to have the work done or not. If you decide to proceed, you can use one of the

government's Green Deal providers to install the work for you, and you have the option of paying for the work yourself or using a Green Deal finance scheme.

If you choose to use the Green Deal finance scheme, you can get a loan for up to the full value of any of the improvements you've had done. You are then able to repay the loan through your electricity supplier.

How are my Bills Calculated?

If you've chosen to use the Green Deal finance scheme your maximum loan repayments should be around the same amount of money you could save off your energy bills each year. This means that, effectively, you won't ever have to pay for your improvements.

On top of this, if you are letting to tenants it is your tenants who have to foot the bill for improvements. You will, however, have to get tenant approval for this process but, in general, it represents no additional cost to them. Remember that paying this way could ultimately make your improvements more expensive however, and that the Green Deal is still a form of borrowing.

Earning Cashback

Finally, if you undertake improvements before summer 2014, you could be entitled to cashback on your spend. The total cashback is priced up per improvement, and you could be set to earn around £1000 in total.

By fully utilising this kind of offer, landlords could find themselves better off both in real terms and for future cash flow, and many could also see increases in the value of their house prices because of the Green Deal.

The Green Deal is currently available for most landlords, however it's important to act quickly if you want to make the most of the cashback available. Have an assessment as soon as possible to find out just where your property could be saving energy and saving you money.