

Unlocking the energy efficiency potential in the rental & multifamily sectors

**Energy efficiency in rental housing : how to
avoid the poverty trap for tenants and prevent
“renovictions”**

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Energy poverty in the EU

52 m people cannot keep their home adequately warm
161 m are facing disproportionate housing expenditure
87 m are living in poor quality dwellings
41 m face arrears on their utility bills
(Bouzarovski, 2011)

Housing deprivation: 15.7 % EU population living in dwellings with a leaking roof, damp walls, floors or foundations, or rot in window frames or floor
(SILC, 2014)

Worrying housing overburden rate for tenants in private market

Significant share of tenants living in households where total housing costs (including energy) represent more than 40% of their disposable income

→ **27.1% of tenants renting at market price have a housing cost overburden in the EU 28**

Higher share in:

- Belgium, Denmark, Italy, Lithuania, Portugal, Romania, UK (>30%)
- Bulgaria, Croatia, Hungary and Spain (>40%)
- Greece (>50%)

Source: Eurostat, 2014

Tenancy and energy poverty

Being a tenant is *per se* a driver of energy poverty

WHY?

- Tenants live generally in more inefficient dwellings
- Tenants don't have same resources as landlords to invest in EE measures nor the legal possibilities to require them

In 21 European countries, renovation costs may be passed on to tenants through rent increase - leading often to welfare losses or «renoviction» (displacement) and gentrification

→ Energy-efficient renovation should be **at least cost neutral for tenants**, i.e. balance between rent increase and energy savings

Revision of Energy Efficiency Directive

EED does not protect tenants against potential losses resulting from EE improvements

It rather ask MS to «remove barriers» (Art. 19), without taking social considerations into account

Art. 7 par. 7(a) too weak:

*«Within the energy efficiency obligation scheme, Member States **may**:
(a) include requirements with a social aim in the saving obligations they impose, including by requiring a share of energy efficiency measures to be implemented as a priority in households affected by energy poverty or in social housing»*

*Change it into "**have to**" and explicitly mention "**private rental housing**"*

IUT claims for a review of the EED to ensure that tenants are not financially penalized by energy-efficient renovation → the "new deal for energy consumers" should be balanced as they are "at the core of the Energy Union" (cit. Commissioner Sefcovic)

EPBD

Enforcement and revision

Energy performance generally not considered when setting the rent price in the residential sector

- It should be part of rent levels (as in the **Dutch “points system”** and in a few **German Mietspiegel**) in order to stimulate investment in EE improvements especially in the private rented sector
- For more market transparency ensure MS enforcement and compliance with **Art. 12** - energy performance certificates to be handed over to tenants/buyers + training/ information campaigns for residents
- Display energy certificates in common parts of **all** buildings – **new** article when revising EPBD

How to achieve socially balanced energy renovations

- The Netherlands: “points system” including energy label + covenant on energy savings in the rental housing sector providing for a total housing costs guarantee:
savings made in energy costs are greater than the increase in rent due to the energy-savings
Link to Covenant:
http://www.iut.nu/members/Europe/West/2012/WoonbondEnergyConvenant28_juni_2012.pdf
- Sweden: system of “gross rent” i.e. rent includes heating and hot water charges → incentive for landlord to make investments

Social/affordable housing at the centre of EE policies

Shortage of decent and affordable housing + inability of residents/tenants to afford energy costs, maintenance & renovation = poverty and social exclusion (e.g. displacement of tenants and gentrification of quarters)

→ crucial to put **social/affordable rental housing** and **rent stabilisation mechanisms** at the centre of EE policies

German rent law: costs of EE measures financed through public loans may not be passed on the rents

IUT welcomes new policy line of the European Commission (prioritize energy efficiency investment in rental housing e.g. through EIB loans and EFSI)

Actions needed at different levels of governance

EU level: financial instruments to support energy improvements in rental housing

National level: binding energy-efficiency objective agreements together with schemes to ensure that total housing costs are not higher after energy improvements (e.g. Dutch covenant on energy savings); rent stabilisation mechanisms

Local level: energy performance as a component of rent to stimulate investment in both private and social sector + awareness raising campaigns + display of EPCs in all buildings

The International Union of Tenants

- IUT represents the interests of tenants on a supranational level
- 65 member associations in 44 countries, covering 19 EU Member States
- IUT-Headquarter in Stockholm, Sweden
- EU liaison office in Belgium, Rue du Luxembourg 23, B-1000 Brussels
- **Thanks for your attention!**
- **For any question: davide.lanzillotti@iut.nu**