UNION NATIONALE DE LA PROPRIETE IMMOBILIERE

Consultation response June 2013

GREEN PAPER : A 2030 Framework for Climate and Energy Policies
Response by the **Union Nationale de la Propriété Immobilière** – France

Created in 1893, l'Union Nationale de la Propriété Immobilière is a non-profit association that regroup near 250.000 members owner-occupiers and landlords in France. UNPI members own around 1.500.000 housings, 80% are landlords. UNPI is the sole association recognized by French Administration to represent the real estate owners.

4. QUESTIONS

4.1. General

 Which lessons from the 2020 framework and the present state of the EU energy system are most important when designing policies for 2030?

1) The investors need to be confident in the future. Any uncertainty generates a protection reaction. It is obviously a circumstance that needs to be taken into consideration, notably in the present circumstances of high economical and financial stress in EU.
2) The 2020 targets are becoming to be understood and taken into consideration by the decision makers, not as a bureaucratic decision, but as a worth wile economic opportunity.
3) A new market is being created, but with a huge quantity of products imported from outside EU, EU suppliers not having enough time to adapt their offer. As a consequence, these green jobs did not benefit to EU. Equipment or products are not mature enough, and generate detrimental effects.
4) EU Member States reduce their contribution to the investments because of their need to make budget savings for a balanced budget.
5) Rents increased because of the cost of the investments made in the new energy efficient standards.

It is important to reach a suitable balance between energy saving needs, the creation of green jobs and the interests of millions of homeowners and landlords in France.

4.2. Targets

We believe that existing targets and the policies put in place to reach energy saving and energy efficiency targets have not been coherent or cost efficient. They have not taken competitiveness and the economic viability or the maturity of technologies sufficiently into consideration.

 Which targets for 2030 would be most effective in driving the objectives of climate and energy policy? At what level should they apply (EU, Member States, or sectoral), and to what extent should they be legally binding?

We believe there is currently a sufficient regulatory burden placed on property owners and that additional targets will not encourage property owners to undertake energy efficiency

improvement to their dwellings. The 2030 framework should include benchmarks rather than binding targets allowing further time for technologies to develop a strong position within the construction and renovation markets. Such benchmarks should be established at a EU level, but giving significant flexibility to Member States so they may take account of the nuances in their own housing stock.

 Have there been inconsistences in the current 2020 targets and if so how can the coherence of potential 2030 targets be better ensured?

Compulsory rules have been decided not taking into consideration technical feasibility and economic viability of the investments, generating over costs and disillusionment which were harmful to the objective.

 Are targets for sub-sectors such as transport, agriculture, industry appropriate and, if so, which ones? For example, is a renewables target necessary for transport, given the targets for CO_2 reductions for passenger cars and light commercial vehicles?

To destroy equipment before its normal life term generate a cost, that is the reason why property owners only undertake major renovations to properties once every 20 – 30 years. Therefore it is important for them to be convinced the money they spend in complying with all the existing regulations will not be in vain because of regulations amendments that appear few years later, requiring further improvements works and additional financial burdens which landlords may not be able to afford. Until there is regulatory certainty in the medium / long term, property owners will be reticent to spend significant sums of money on improving the energy efficiency of their properties.

In France, number of existing buildings may not be able to meet EU imposed high energy efficiency standards. This might result in a catastrophic housing crisis with the value of existing buildings falling dramatically, and number of housings removed from the rental market.

It is therefore essential to consider the unintended consequences of imposing significant energy efficiency standards on existing buildings.

 How can targets reflect better the economic viability and the changing degree of maturity of technologies in the 2030 framework?

We have seen a steady increase in the number of energy efficiency and renewable measures and products that have come into the market over the last decade. Whilst this is a positive step and we encourage innovation in the energy efficiency and renewable sectors, many property owners are understandably concerned about installing new technologies into existing buildings. Lot of technologies is not EU produced, not guarantying a convenient quality level, some of them appears to be vulnerable in normal use or installation. Requirements and targets must be put in place in conjunction with sufficiently robust guarantee or redress frameworks at industry and MS level in the event that such technologies have a detrimental effect on the habitability or value of a property.

 How should progress be assessed for other aspects of EU energy policy, such as security of supply, which may not be captured by the headline targets?

4.3. Instruments

 Are changes necessary to other policy instruments and how they interact with one another, including between the EU and national levels?

French policy instruments have been concentrated to the benefit of public stock, at the detriment of private housing. The EU energy efficiency policy generated a new cause of public social housing unfair competition that distorts the property market. While French private housing accounts for 15% stock, numerous examples can be pointed where EU

funding (ERDF for ex.) allow France to exclude the private sector from them. If the goal of the EU in this framework is to improve the energy efficiency of EU housing stock, it is essencial that such impediments are removed as soon as possible and that private housing has equal access to EU funding mechanisms.

 How should specific measures at the EU and national level best be defined to optimise cost-efficiency of meeting climate and energy objectives?

Attempts by the EU to impose detailed requirements on Member States is likely to result in highly regulated schemes that will not be able to deal with the complexities and nuances within national housing stocks.

 How can fragmentation of the internal energy market best be avoided particularly in relation to the need to encourage and mobilise investment?

Energy efficiency schemes should focus on providing financial assistance and incentives to property owners otherwise they will not succeed for either owner-occupiers or in the private rented sector. Schemes already exist, but not all of them are designed with private property owners in mind and therefore they do not provide the necessary flexibility required to deal with private housing.

Unless such issues can be addressed, the vast majority of French housing stock will not be outreached by the actions developed at EU level.

 Which measures could be envisaged to make further energy savings most cost effectively?

In order to boost the creation and use in the market of energy efficiency and renewable technologies, special taxation incentives are determinant. Almost all of them have been suppressed in France for national budget reasons, as well as the 5% reduced VAT rate on refurbishment that only benefit now to the public social landlords.

Restore them for energy performance works would provide many property owners with the essential cost reductions necessary to undertake such works.

For multi-occupancy buildings and the private rented sector where one party pays for the energy efficiency improvements and another party benefits from the work, or where the benefits will not affect all residents equally, it is extremely difficult to gain consent to get a decision, even more when rents are administratively controlled.

It is essential that in the development of this 2030 Framework, the EU Commission ensures all Member States are tasked with creating policies that overcome these problems.

 How can EU research and innovation policies best support the achievement of the 2030 framework?

Whilst private property owners account for the majority of French housing stock, it is important to remember that 95% of these people are individuals and small landlords. They do not have the time or resources of large public social landlords and therefore need not only financial assistance and incentives through EU or MS initiatives, but also advice, training and education on benefits of energy efficiency improvements. This essential aspect is too often overlooked during the construction of legislation and energy efficiency schemes and needs to be addressed in this 2030 Framework.

UNPI actively participated in the EU funded project, TrainRebuild, which focused on overcoming the barriers and continue its action to the benefit of the property owners using the national service package that were developed to provide the necessary information and training allowing them to decide informed.

4.4. Competitiveness and security of supply

 Which elements of the framework for climate and energy policies could be strengthened to better promote job creation, growth and competitiveness?

 What evidence is there for carbon leakage under the current framework and can

this be quantified? How could this problem be addressed in the 2030 framework?

 What are the specific drivers in observed trends in energy costs and to what extent can the EU influence them?

 How should uncertainty about efforts and the level of commitments that other developed countries and economically important developing nations will make in the on-going international negotiations be taken into account?

 How to increase regulatory certainty for business while building in flexibility to adapt to changing circumstances (e.g. progress in international climate negotiations and changes in energy markets)?

 How can the EU increase the innovation capacity of manufacturing industry? Is there a role for the revenues from the auctioning of allowances?

 How can the EU best exploit the development of indigenous conventional and unconventional energy sources within the EU to contribute to reduced energy prices and import dependency?

 How can the EU best improve security of energy supply internally by ensuring the full and effective functioning of the internal energy market (e.g. through the development of necessary interconnections), and externally by diversifying energy supply routes?

4.5. Capacity and distributional aspects

 How should the new framework ensure an equitable distribution of effort among Member States? What concrete steps can be taken to reflect their different abilities to implement climate and energy measures?

 What mechanisms can be envisaged to promote cooperation and a fair effort sharing between Member States whilst seeking the most cost-effective delivery of new climate and energy objectives?

 Are new financing instruments or arrangements required to support the new 2030 framework?

5. SUBMISSION OF RESPONSES TO