



December 2017

EU-cities forum in Rotterdam ♦♦♦ EP- committee votes for 3% modernisation rate ♦♦♦ First report of the EU housing partnership to the EU council ♦♦♦ EU-council on tenant's solar self-generation ♦♦♦

EU Cities Forum: implementing the UN sustainability goals

What are the main challenges of the cities to implement the sustainability goals of the UN? How can social and affordable housing help? On invitation of the European Commission, participants of the EU partnership for housing conducted a workshop at the first day of the EU-cities forum November 27. Speakers were among others **Elena Szolgayova** (Slovakia), **Michaela Kauer** (Vienna), **Sorcha Edwards** (Housing Europe), **Andrea Colantonio** (European Investment Bank) and **Barbara Steenbergen** (IUT).¹ The workshop was held in the Afrikaanderwijk in Rotterdam-South, a region that is among the poorest of the Netherlands and now undergoing a metamorphosis.² The largest urban development program of the Netherlands equipped with 750 million € has ambitious goals.

With State resources whole districts are renovated, with special protection mechanisms to ensure that the residents can afford the new apartments. Overall, 35,000 buildings should be modernized by the year 2022, 23,000 held by private owners, 12,000 social housing. Rotterdam-South, classic port area with industrial brownfields and houses in decay, but also as the home town of the football club Feyenoord, is currently anything but an attractive living and work site. According to the plans of the Dutch public investors this will fundamentally change.³

EP Industry Committee approves renovation rate 3%

The Committee on industry and energy of the European Parliament (ITRE) voted on November 28, 2017 on the revision of the energy efficiency directive (EED) with a narrow majority of 33 to 30 votes with 2 abstentions.

¹ http://ec.europa.eu/regional_policy/en/conferences/cities_forum_nl#1

² http://www.wienerzeitung.at/nachrichten/wien/stadtpolitik/932707_Wenn-Wohnen-zur-

[Titanic-wird.html](#)

³ http://ec.europa.eu/regional_policy/sources/conferences/cities_forum_2017/housing_cities.pdf

By the year 2030, the target value for energy efficiency should be increased to 40%. The Commission's original proposal provided for a binding target of 30% for the EU. Environmental groups welcomed the adoption of the compromise amendment, which was adopted against the Conservatives, Populists and Eurosceptical parties. The Member States are asked to set national targets which are also binding. Priority is given to energy efficiency measures for low income households. Specifically, the affordability of the energy-related modernisation for tenant and landlord is named. Part of the compromise proposal presented by Socialists, Greens, European Left and Liberals, is an extension of the mandatory annual rehabilitation rate of 3% for "buildings owned by the central government" to "public authority buildings". Public authority building means a building owned and occupied by the central government or any other public authority, at national, regional or local level, including those buildings which are hospitals, health care facilities, educational institutions and social housing.

The proposed regulation can have different effects depending on the respective national systems of social housing:

In countries where the social housing stock is state owned and based on economic not for profit schemes, tenants can profit from the proposed new regulation (e.g. in France).

In countries where the social housing stock is privatized, sourced out to private developers and not for profit schemes are widely abolished, tenants can be burdened with the costs of renovation (e.g. in Germany).

The **Deutscher Mieterbund (DMB)** therefore opposes the planned regulation. In a joint letter of DMB and the federation of social and public housing companies **GdW** addressing the German MEPs they call for a reversal of the

decision in the plenary session of the European Parliament planned for January 18, 2018. The federations assume rent increases of 2 €/m²/month for the 750 local and public housing companies in Germany, when the full scope of the rent increase would be exploited. At the same time, the energy savings could not absorb the increase. In addition, grants for the energy modernization in Germany are only provided for voluntary measures exceeding the energy saving ordinance (ENEV) standards. This promotion would be compromised when a mandatory modernisation rate is imposed.

EU-council starts deliberations of the clean energy package

On December 18, 2017, the Council has decided its position on the revision of the directive for renewable energies (RED). This is the starting point for the negotiations with the EU Parliament which are planned in January 2018. By the year 2030, the share of renewables in the energy mix is expected to increase to 27%. The Council hereby follows the recommendation of the European Commission. The Parliament however had asked for a share of 35%, backed up by a large majority of Conservatives, Socialists and Liberals (43-14-7) in the session of the Committee on industry and energy (ITRE) on November 28.

In the chapter on empowering consumers, the Council general approach agreed by ministers, contains provisions that enable consumers to benefit from simplified notification procedures for small-scale installations. The text also sets out clearly the role, rights and obligations of "renewable self-consumers" and renewable energy communities. This refers to models of tenants- solar-and photovoltaics self-

consumption and self-generation. IUT together with the European consumer organisation BEUC published a widely noticed policy paper on the issue.⁴

In addition to simplified notification procedures for local models generating renewable energy, individuals should be entitled to join local communities of producers of renewable energy, without being exposed to excessive legal and administrative procedures. Generally, tenant solar models shall be promoted. However, the supply of surplus energy back into the grid is still problematic. Here, the EU Parliament wants to avoid charges for network usage rights for tenant solar models, while the Council prefers equal conditions for all producers. The negotiations will be continued in the January 2018. When decided accordingly, the directive must be implemented in the Member States by January 1, 2021.

Tenant participation: European Conference in Ghent

November 21-22 the **European Federation for Living (EFL)**, a federation of housing associations, financial institutions and service providers of the sector, invited to its annual meeting in Ghent.

Barbara Steenbergen, Head of the Brussels Office of the IUT, spoke about the implementation of tenant participation in Europe. The set-up of the conference was very interactive. The audience was prompted to

answer the speaker's questions within the framework of an interactive application and at the same time ask and give feedback to the speaker.⁵

Steenbergen asked the companies about their willingness to implement and finance participation models. Surprisingly, two-thirds of all representatives of the housing companies want to promote increased tenant participation by using their own funds. However- dissent remains about the "how". In countries with institutionalized tenant's participation the involvement of tenants in business decisions is proven and practiced. Housing association representatives of other countries expressed scepticism about the competence the tenant representatives, doubting their ability to evaluate upcoming investments properly. Steenbergen replied that tenant representatives in institutionalised participation models should have the right to appropriate business training. In practice, the tenant representatives should have the same access to training as the employees of housing associations. Tenants associations should receive the mandate and financial resources to prepare the tenant representatives according to their tasks in the boards of directors and senior management of the company.

Some representatives of the housing companies preferred the direct communication with the tenants via social media such as Facebook and WhatsApp groups. Steenbergen stated that this could not replace the structured institutional dialogue with elected representatives of tenants and their associations, in particular regarding decisions with financial implications. **Professor**

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http://www.iut.nu/EU/Energy/BEUC_%20IUT_solar_self_consumption_March2017.pdf

⁵ <https://www.ef-l.eu/news-and-articles/efl-news/efl-autumn-conference-gent-succesfully-closed/>

David Mullins of the University of Birmingham supported the tenant side and urged the housing companies, to implement models of institutionalized participation. "In all cases of professional tenant's participation the companies can reduce their costs and increase the satisfaction of residents. Tenants participation pays off financially", underlined **Mullins**.

At the end of the meeting, the **Flemish association of social housing companies** announced to sign the European code of conduct for a responsible housing (ERHIN).⁶ In this code of conduct, institutional tenant participation is required. **Geert Inslegers**, director of the Flemish association of tenants, (Vlaamse Huurdersbond) welcomed this decision.

Germany's biggest landlord Vonovia expands portfolio in Europe: cooperation with the French SNI and takeover of the Austrian BUWOG

With the announced cooperation options of cross-border investments should be explored by **Vonovia** and **SNI**. The market position and expertise of the partners shall also be used to the exploring of a pan-European real estate development company. SNI is a subsidiary of the French Caisse des Dépôts and heads the market with 348,00 apartments. Together with the 355,000 units of Vonovia a mega-portfolio

is created. After the failure of the acquisition of **Deutsche Wohnen**, another German real estate market leader, Vonovia already crossed borders by buying the Austrian real estate group **Conwert**, owning 24,500 apartments in Leipzig, Berlin, Potsdam, Dresden and Vienna. On December 18, Vonovia finally announced the acquisition of Austrian **Buwog**. Buwog owns 49,000 units located in Austria (Vienna, Graz, Klagenfurt, Salzburg, Villach) and Germany (Hamburg, Berlin).⁷

Implementation of the EU's urban agenda

On November 9-10 **Barbara Steenbergen** presented the first results on the subject of "security of tenure" to the EU partnership for housing at their meeting in Geneva. The results were formulated by an internal IUT working group consisting of experts from Sweden, the Czech Republic, the Netherlands, Finland, Denmark and Germany.

As a next step the IUT working group will develop recommendations on rent control at their meeting January 9-10 in Berlin. DMB's Federal Director **Lukas Siebenkotten** and Berlin tenant's association (BMV) CEO **Reiner Wild** will contribute with their expertise. The meeting is organized by DMB's legal expert **Jutta Hartmann**.

The EU partnership for housing will develop a "toolbox" for affordable housing giving legal, financial and housing policy recommendations. IUT will co-chair the respective working group

⁶ <http://www.responsiblehousing.eu/en/Responsible>

⁷ <https://www.reuters.com/article/us-buwog-m-a-vonovia/german-vonovia-climbs-property-ladder-with-6-1-billion-buwog-deal-idUSKBN1EC0RW>

[ladder-with-6-1-billion-buwog-deal-idUSKBN1EC0RW](https://www.reuters.com/article/us-buwog-m-a-vonovia/german-vonovia-climbs-property-ladder-with-6-1-billion-buwog-deal-idUSKBN1EC0RW)

of the EU partnership together with Slovakia in 2018.

On November 20, the first recommendations of the EU partnership have been provided by the EU commission in an interim report to the Council of the EU.⁸

The Commission highlights the following proposals of partnership for housing:

In the state aid rules for the "services of general economic interest (SGEI)", the target group for social housing should be expanded to facilitate access to affordable housing for small and medium-sized income groups as well. The negative impact of the consequences of the "**Dutch case**" are evident and need to be revised.

The appropriate in-depth analysis on the impact of the current EU state aid regime for social housing was handed out to the Cabinet of the Vice-President of the EU Commission, **Frans Timmermans**, on November 29 by a delegation of the cities **Amsterdam, Vienna, Housing Europe, Eurocities and IUT**. The EU partnership calls to improve the legal certainty of the European legislation to create clarity and planning security for more public and private investment in affordable housing.



Thank you very much for the trustful cooperation in 2017.

I wish you a Merry Christmas and a happy, healthy and prosperous new year 2018 from Brussels!

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http://ec.europa.eu/regional_policy/sources/policy/themes/urban/report_urban_agenda2017_en.pdf