

10 ENERGY POLICY RECOMMENDATIONS of the International Union of Tenants (IUT)

Comments on the proposal for the new EU-Energy Efficiency Directive (EED)

1. The IUT is pleased that the European Commission and the European Parliament have placed the issue of energy poverty high on the agenda of the EU. In many European states – exacerbated by rising energy prices – energy poverty is a growing problem for residents, especially tenants, with a low or medium income.

Chart 1 – Electricity prices for household consumers (Euros/kWh), EU 27 (2005-2011)

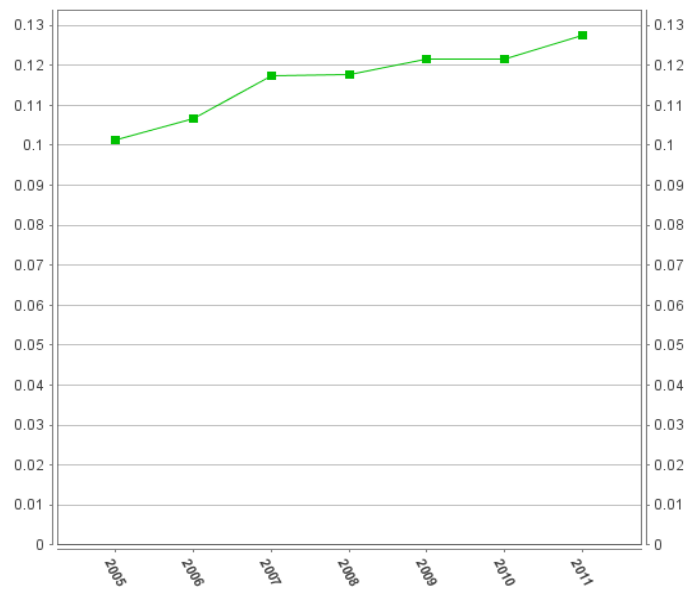
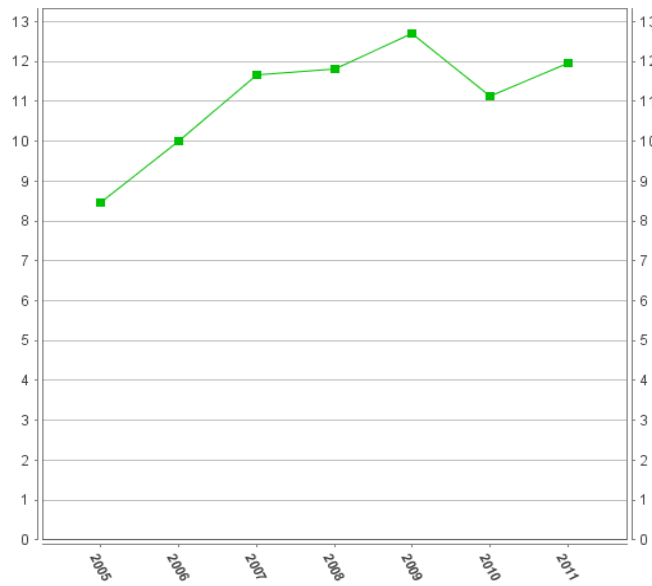


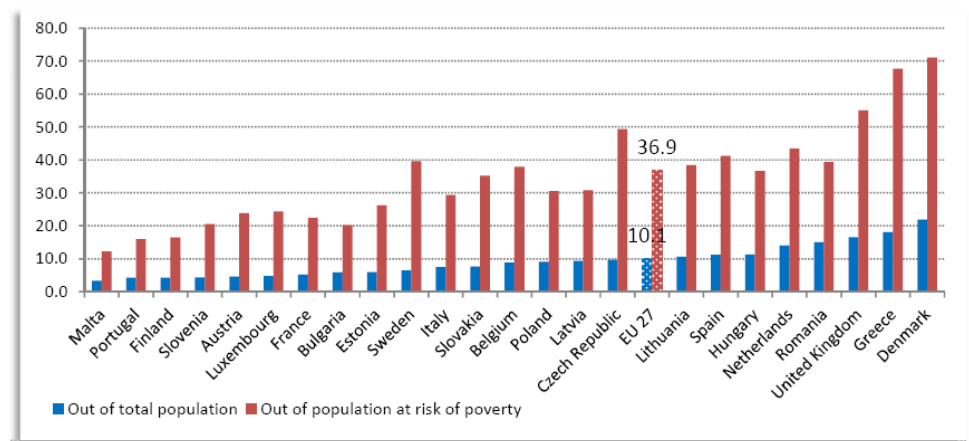
Chart 2 – Gas prices for household consumers (Euros/Gigajoule), EU 27 (2005-2011)



Sources: Eurostat; CECODHAS.

- The IUT notes that the issue of energy poverty is not only a housing issue but also a problem of income distribution. Although in some of the EU Member States this issue can be partly solved by measures in the field of the built environment and investment in housing renovation, this is not enough. In order to solve this problem in a comprehensive holistic way, measures should be taken for instance in economic and labour policies at the level of the EU and the Member States.

Chart 3 – Housing costs overburden rate in EU 27 as a percentage of population, by poverty status



Sources: SILC; CECODHAS. Data not available for Germany and Ireland.

The 'at risk of poverty' indicator identifies all those (households or people) who fall below a certain income threshold, which in the EU has been set at 60% of the median income.

The housing cost overburden rate is defined as the share of population living in households where the total cost of housing accounts for more than 40% of household disposable income.

3. The IUT acknowledges as one of the basic points of the proposed Energy Efficiency Directive (EED) is that the principle of subsidiarity in the field of 'public and social housing' should be respected. The IUT is highly committed to that principle. It is the competence of individual Member States to take measures to ensure that all citizens in the Member States are provided with affordable and good quality housing.
4. The goals of the EED, if they are binding for the public and social housing sector, should be realistic and economically feasible. It should be avoided that Member states and landlords, that already invested in improving the energy performance of the public buildings and public and social housing stock, will be penalized.

The IUT wants that the directive is given a more general approach, which enables each Member State to design a regulatory framework that is suited to national conditions and that are focused on goals rather than specific actions.¹

The IUT is missing in this context the practical foundation for the objectives in the EED. IUT favours a programmatic approach that requires Member States to commit to energy-efficiency goals, to indicate how they intend to achieve them, and afterwards to justify whether they have achieved or not achieved to fight energy poverty.

5. It is the goal of the IUT to have dwellings that are of a high quality and are affordable for all tenants regarding the total costs related to living in the dwelling. The proposed EED has to contribute to that goal. In the view of IUT, it is undeniable that the (threat of) energy poverty is not only a problem of the social and public housing stock, but also of the private rental stock.
6. The IUT states that the increase of energy efficiency in the existing housing stock should be at least cost neutral for the tenants. It is not acceptable to fight energy poverty by increasing the rent poverty. In 21 countries of the European Union and the accession candidates, owners and landlords can pass all or parts of the renovation costs to the tenants.² If the landlord uses public funding (subsidies or loans) for energy renovations, those costs may not be passed to the tenants.

¹ Unlike most other European countries Sweden does not have social housing except from a few shelters. The publicly owned municipal housing companies have no upper limits for household income as there normally are in social housing. Furthermore the new rent law in Sweden states that municipal housing companies shall compete on the same conditions as private landlords. It would severely distort that competition, if EED entails certain terms (like yearly renovation rates) only for the municipal housing companies in Sweden.

² **EU housing minister's meeting** Toledo, June 2010 „Rehabilitación del Parque Residencial Existente“.

To achieve the energy efficiency goal of the EED the saving of energy costs and the increase of the rent should be balanced and at least cost neutral for the tenants. To achieve the fight against energy poverty goal of the EU, the balance for the tenant should be positive.³

7. Moreover, the measures in the context of this EED should be effective. If the objective of this proposed directive is to limit and control energy poverty, then an effective solution must be found. It should not be possible to make the sale of the public building stock, especially the sale of the public and social housing stock, a solution to reduce energy poverty and mask the lack of energy efficiency. Reduction and control of energy poverty and energy efficiency cannot be achieved by the creation of new housing scarcity.
8. The objectives of the EED as well as the measures that are asked of public and public-private investors should be proportional. The IUT considers it as necessary that public resources should be used as well as private resources in order to achieve these objectives. That also affects the EU. It cannot be that EU regulatory ambitions are formulated without any adequate (co-)funding in return.
9. In the opinion of the IUT the success of the objectives of the EED stands or falls by their transparency and credibility. This issue plays on both macro and micro level. This means that the results of Member States cannot be measured only in national energy balances.

Energy efficiency should take into consideration the whole supply chain. Savings should be sought in the distribution as well as in the actual usage. It should be avoided that the losses in the energy performance due to transport and other 'system inefficiencies' are passed on to end users. Responsible for these technical faults are energy providers and bad technical equipment in the buildings.

10. The national systems of metering energy in individual households are highly differentiated, and national policies should be respected. The cost-neutral balance of investment and saving energy should be guaranteed. Member States, in line with the principle of subsidiarity, should indicate themselves how they will achieve the energy efficiency goals of the EED (see point 4). Otherwise, IUT's opinion is that individual metering should not be part of the EED.

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³ The **energy covenant of The Netherlands** is an example for a well-functioning instrument in this field. Social landlords give a guarantee that the costs of housing (rent and energy costs) are lower after the renovation of a building. The energy covenant is balanced for all involved parties, the state, the landlords and the tenants. In addition, it creates a stimulus for the construction industry and the small and medium craft enterprises.

The **Austrian social housing law** (WGG – Wohnungsgemeinnützigkeitsgesetz § 14a – d) regulates that tenants have to pay a so called "Erhaltungs- und Verbesserungsbeitrag (EVB)" between € 1,09 to € 1,62 per m² depending on the age of the building. This amount is dedicated for maintenance and construction improvements. If the EVB isn't spend within 10 years the landlord has to pay back the money to the tenants.