



EPF

## Memo Member Association Boards – May 2013

### NEW EPF WEBSITE

[www.epf-fepi.com](http://www.epf-fepi.com)

### INTERNATIONAL / EUROPEAN PROPERTY MEASUREMENT STANDARDS

Despite the high interest of some EPF members in development of a landlord-friendly measurement code, the majority has so far been reticent, being content with national codes. However, in the face of new international initiatives in this field, the EPF Managing Committee will review the situation at its Milan meeting of 4 June.

### PROPOSAL FOR AN ENVIRONMENTAL IMPACT ASSESSMENT DIRECTIVE – **URGENT**

The Opinion of the European Economic and Social Committee has addressed all of the EPF Coalition's concerns very satisfactorily.

In the European Parliament, EPF needs to have its amendments tabled by EPP (Christian Democrat) Shadow Rapporteur Cristina Gutiérrez-Cortines and by ECR (UK Conservatives) Shadow Struan Stevenson. The Scottish Property Federation is working on Mr Stevenson. Members of all non-UK Boards are asked to inform their national association if they personally know any of the EPP Environment Committee members from their country so that they may put in a good word to Prof. Gutiérrez and if that fails, table the amendments themselves:

To identify your European People's Party nationals on the Environment Committee:

1. Click <http://www.europarl.europa.eu/meps/en/search.html?politicalGroup=2948>
2. Under "Country", click on right and select your country
3. Under "Political bodies", click on right and select "Committees"
4. Once that is done, in the right-hand column "All parliamentary committees" will appear. Click on right and select "Environment, Public Health and Food Safety". Substitutes are as good as Members.

### GREEN PAPER ON LONG-TERM FINANCING OF THE EUROPEAN ECONOMY

As bank finance dries up, the Commission is testing ideas for long-term financing alternatives.

The Green Paper starts out by seeming to put buildings on a par with infrastructure, R&D, education and innovation but later makes real estate look like a problem, a conservative strategy holding back investment in infrastructure. A recent EPF paper on Commission work on long-term investment *funds*, drafted by the BPF addressed prejudices about real estate investment and bridged the divide between real estate and 'infrastructure'. Such arguments may be deployed here, too.

The Green Paper also raises opportunities for real estate finance and shows that the Commission is waking up to the negative cumulative impact on long-term investment of its prudential regulation of insurers, pension funds and banks.

**PROPOSAL FOR AN ANTI-MONEY LAUNDERING DIRECTIVE**

The scope includes notaries, independent lawyers and estate agents, not property investors or landlords. However, some property companies (e.g. in retail) are paid by others for their skills at finding tenants and they will be assimilated to estate agents for whom some of the provisions could be a real bureaucratic and liability problem.

Under the new “risk-based approach”, obliged entities have to take “appropriate steps to identify and assess their money laundering and terrorist financing risks taking into account factors including customers, countries or geographic areas”, etc. They have to document and update all this and set up internal policies, procedures and controls, compliance management and an independent audit function to test these internal policies, procedures and controls and they have to make sure that senior management has signed off on it.

The Directive stipulates that all this should be proportionate to the nature and size of the obliged entities, but it also requires obliged entities that are part of a group to implement group-wide policies and procedures including sharing information within the group. This could mean that the group has to come up with all these policies, procedures and controls and make sure they are implemented by all entities of the group.

In the case of systematic failings, legal persons face sanctions of up to 10% of the total annual turnover of that legal person. What if that’s 10% of the turnover of the group?

**PROPOSAL FOR A REGULATION ON INSTALLATION AND ACCESS TO HIGH-SPEED BROADBAND INFRASTRUCTURE**

All new build and all buildings undergoing major renovation must be equipped with high-speed broadband and new and renovated multi-dwellings must have a concentration point inside or outside the building accessible to network providers. There is a right of access for network providers.

The prime motive for these measures is that doing the works upon construction or major renovation is much cheaper than at any other time. Presumably any friction would come from renovation and access questions rather than the obligations for new build, which seem straightforward and cheap enough. As for the renovation requirement, it’s relatively circumscribed because “major renovation works” means building or civil engineering works at the end user’s location encompassing *structural modifications* of the in-building physical infrastructure and *requiring a building permit*.

Member states can exempt categories of buildings such as, *in particular*, single dwellings or major renovation works, but only when the *cost* of fulfilling those obligations is *disproportionate*. ‘Disproportionate’ for whom? Is it clear that the provider pays in all cases? Should it be made clearer? That might be helpful in some countries where currently the owner faces costs.

Is cost the only concern? What about aesthetics, especially for historic houses? At some point Commission interlocutors were discussing “*regulatory barriers related to visual impact of the installations in building facades*”.

Our attention was drawn to the statement that “*some central authorities ... argued that wireless solutions could render in-house wiring obsolete*”. Could that mean that for some of the more advanced member states like the Nordics this could all be a wasteful and redundant exercise?



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### **GREEN PAPER ON A 2030 FRAMEWORK FOR CLIMATE AND ENERGY POLICIES**

The Commission has completed the regulatory framework for achieving the EU's 20/20/20 objective: by 2020, 20% reduction in greenhouse gas (GHG) emissions relative to 1990, 20% share of renewables in energy consumption and 20% saving in energy consumption compared to projections. Buildings are central to this policy, hence the Energy Performance of Buildings Directive, the buildings element of the Renewables Directive and the largely buildings-oriented approach of the Energy Efficiency Directive.

In 2011 the Commission also set out a Roadmap for GHG reduction of 80-95% by 2050, consistent with the internationally agreed target of limiting global warming to below 2°C. The Commission believes that reaching the 2050 target requires that GHG emissions be reduced by 40% by 2030 which in turn needs planning given the lags in investment cycles.

It has just issued a Green Paper setting the scene for a year-long debate on what to do in the 2030 perspective. It seems to be offering a choice between binding overall energy saving targets (all sectors) or a new wave of specific buildings regulation.

Meanwhile, the European Parliament has taken an option on the 2050 end game that is more specific about buildings:

“stresses that the EU's long-term energy-efficiency policy should take the reduction of energy use in buildings as a central element, given that existing building renovation represents enormous energy saving potential; stresses that the current rate and quality of building renovation needs to be substantially scaled up in order to allow the EU to significantly reduce the energy consumption of the existing building stock by 80 %, relative to 2010 levels, by 2050; calls, in this regard, on the Member States to adopt ambitious, long-term building renovation strategies as required by the Energy Efficiency Directive;”