



EPF

Memo Member Boards – May 2014

EU ECONOMIC GOVERNANCE – RENT CONTROL IN DENMARK, PORTUGAL AND BEYOND

A meeting with Commission DG Economic and Financial Affairs and subsequent events lead us to believe that the Commission will be adding Denmark to its list of member states targeted for rental market reform.

At the same time, DG ECFIN has published an Economic Paper on Rental Market Regulation that sees all rent control as destabilising for housing markets, bad for labour mobility and inefficient in achieving societal goals.

The Commission has asked for EPF's views on its Portuguese rental market reforms.

Following submission in February of a paper on Danish rent control by the European Historic Houses Association (EHHA), European Landowners' Organization (ELO), EPF, The European Group of Valuers' Associations (TEGoVA) and the Union Internationale de la Propriété Immobilière (UIPI), on 19 March John Frederiksen, President of EPF and Chairman of the Danish Property Federation led a delegation of DPF and EPF leaders and experts in a meeting with Peter Weiss, Head of the Commission DG ECFIN Denmark/Portugal Unit and expert staff. The meeting was a complete success.

On top of this, DG ECFIN has just published an Economic Paper on Rental Market Regulation in the European Union which seems to make hostility to rent control a general Commission policy. Indeed Peter Weiss wrote to EPF that the Paper "*demonstrates that this topic is moving high up on our agenda*".

Finally, one of the authors of the Economic Paper confirmed that EPF's Danish rent control submission has traction.

Following the Commission's request, EPF has agreed to give its views on whether the Commission's reforms of Portuguese rental law have been successful.

CLIMATE AND ENERGY 2030 PACKAGE

Following the EHHA, ELO, EPF, TEGoVA, UIPI letter to Energy Commissioner Oettinger insisting that there be no absolute target for renovation of the building stock and that future regulation should be subject to rigorous property-relevant impact analysis, the Commission has invited the EPF Coalition to a meeting with top DG Energy officials on 22 May.

In the meantime, support from EPF's national association members could be decisive.

The EPF Secretariat has asked Coalition members to urge their national association members to take the matter to their own ministries dealing with energy efficiency with the following short letter ***in mother tongue***:

Dear

Future Energy Efficiency Targets and Obligations for Buildings



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Our European federation has informed us that the European Commission is currently considering absolute targets for energy savings in buildings and is planning a new phase of detailed energy efficiency regulation for buildings.

We hope that in your ongoing discussions with the Commission, you will oppose absolute EU targets, especially if, as we suspect, there is not and will not be enough state funding to cover the cost of energy efficient building renovation for buildings for which no renovation was planned. We believe we have the right to discuss any new financial burdens with our national authorities and elected officials without having these imposed by the EU.

Concerning new detailed EU energy efficiency law that will have to be transposed into national regulations, the experience of implementing the existing EU law and of monitoring its impacts on property markets has been so difficult that we hope you will encourage the Commission to prepare the ground thoroughly, in particular by means of efficient impact assessments that seriously review the impacts on building owners.

The attached letter to Energy Commissioner Oettinger from our European federation and others expresses our concerns very well. We do hope that you will wish to take this up with the Commission and would appreciate the opportunity to discuss this with you.

Yours sincerely,

With this simple letter, members can really make a difference. Please do not forget to attach the letter to Commissioner Oettinger.

INTERIM REPORT ON FINANCING ENERGY EFFICIENCY INVESTMENTS BY COMMISSION DG ENERGY'S ENERGY EFFICIENCY FINANCIAL INSTITUTIONS GROUP (EEFIG)

http://ec.europa.eu/energy/efficiency/studies/doc/2014_fig_how_drive_finance_for_economy.pdf

EPF and allies asked the Commission to amend an interim report that proposed detailed intervention on real estate markets going far beyond EU powers:

- **mandatory energy efficiency upgrades for those wishing to sell or rent a property;**
- **refurbishment obligations not linked to the owner's freely decided refurbishment timeline**
- **urging absolute energy efficiency targets for the building stock**

In a letter to the Commission, EHHA, ELO, EPF, TEGoVA, UIPI stressed that such recommendations do not take proper account of the necessary division of power between the EU and the member states and run contrary to a fundamental national constitutional principle: no taxation and no spending obligation without representation.

The Coalition insisted that the privilege of forcing private citizens to spend their money is the exclusive prerogative of democratically elected governments. The EU is not yet a state and does not yet have democratically elected government. For a matter going straight to the pockets of private citizens and small businesses, the EU system of democracy – in which 'one man, one vote' exists neither in Council nor in Parliament – doesn't cut it. The point here is not about the urgency, advantages or disadvantages of such policy; it is that it touches so directly on the lives and incomes of private citizens



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that it demands a degree of democratic debate and decision that only exists at national or sub-national level.

Finally, the Coalition regretted that apart from a couple of token property companies, not one organisation representing European private building owners had been invited to participate. It was hoped that in its future work the EEFIG would consider a better balance of interests represented.

DRAFT COMMISSION COMMUNICATION ON RESOURCE EFFICIENCY OPPORTUNITIES IN THE BUILDING SECTOR

Confirmation that the Commission has dropped its original plans and adopted precisely the policy proposed by EPF and allies

In the summer, in response to a Commission DG Environment consultation about its ideas for top-down EU-designed national sustainability reporting requirements, EU frameworks for possibly mandatory core indicators and benchmarks, and extension of building certification requirements beyond energy efficiency to broader sustainability requirements such as water and waste, the essence of the position taken by EHHA, ELO, EPF, TEGoVA, UIPI was, concerning performance certificates, to avoid separate or combined certificates for water or waste and, concerning indicators, concentrate on *voluntary* core indicators based on *existing* work:

In the autumn, DG Enterprise & Industry publicised the EPF Coalition view widely throughout the Commission and to member state governments and industry groups.

In February, EPF received information that the Communication would not announce reporting or certification regulation and instead would focus on a “framework to assess performance” with “a set of core indicators that Member States can use if they wish to”.

On 8 April at a Commission meeting, this was confirmed publicly by a DG Environment official giving advance notice of the coming Resource Efficiency Communication:

Policy Objective: Framework of core indicators to assess the environmental performance of buildings:

- Flexible – to be integrated in existing schemes or used on its own
- Translation of the indicators into something useful for the financial community
- Free to use for actors, for policy setting
- To cover commercial, administrative and residential buildings, not industrial
- Initial concentration on new build and possibly later renovation of the existing stock

Equally significant is what was *not* announced: Nothing on extension of energy performance certification to water and waste.

EPF and allies are now concentrating on getting experts onto the Expert Group that the Commission will set up to advise it throughout the two-year process. EHHA, ELO, EPF, TEGoVA, UIPI have proposed to the Commission:

- Patrick Brown, Vice-Chairman of the EPF Energy & Environment Committee
- Emmanuelle Causse, Director of UIPI



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ENVIRONMENTAL IMPACT ASSESSMENT DIRECTIVE

The EIAD has been published in all EU languages:

<http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=OJ:L:2014:124:TOC>

Transposition into national law to be completed by 16 May 2017.

List of achievements of EPF-led Coalition in March Memo.

EPF AGM

Helsinki, 26-27 May 2014