



## Raising Standards of Energy Efficiency in Buildings:

Some issues to be addressed in the property sector  
in promoting the renovation of the existing building stock

### Position

CEPI, the European Council of Real Estate Professions(\*)

<b>Contact</b>	Janet K. Griffiths - janet.griffiths@cepi.eu
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## SUMMARY

CEPI supports the efforts of the EU to raise levels of energy efficiency in buildings and recognizes the further potential of buildings for greater efficiency, particularly with regard to the existing buildings stock. There are practical and legal issues to be addressed in legislating for the energy efficiency of buildings whilst also respecting the principles of subsidiarity and private property rights. This raises important questions to be addressed at both national and European level.

The need for deep energy renovation has already been put forward on behalf of the construction sector<sup>1</sup>. CEPI supports the argument for deep renovation but would like to draw attention to some of the difficult situations which can arise in practice when implementing renovation programmes. The renovation of buildings can involve different parties with varying interests resulting in difficult issues. National laws, particularly those relating to co-ownership, can give rise to situations which may delay or even prevent work from being carried out.

Property professionals need guidance in dealing with these complicated issues. Therefore in addition to targeted financial investment, which is vital to the completion of renovation work, CEPI calls for further investment in education and training for all those active in the property sector to provide the trained workforce required to meet the challenges of achieving the necessary goal of greater energy efficiency.

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<sup>1</sup> *"The Fundamental Importance of Buildings in Future EU Energy Saving Policies" – Energy Efficiency Action Plan Taskforce of the construction sector (12 July 2010).*



CEPI represents, through its national member associations, estate agents and property managers who deal with matters relating to energy efficiency in their everyday working lives. It supports the objective of the EU to improve energy efficiency and appreciates the efforts which have been made to achieve this objective to date in the property sector with reference to the energy efficiency of buildings.

As an organization with a strong interest in the property sector, CEPI welcomes the publication of the paper "The Fundamental Importance of Buildings in Future EU Energy Saving Policies", prepared by a taskforce of actors and stakeholders from the European construction sector and published on 12 July 2010. We would like to comment on certain aspects in the context of the anticipated revision of the 2006 Energy Efficiency Action Plan, and to add a few remarks on behalf of property professionals.

### **The potential of buildings for energy saving**

CEPI recognizes the importance of buildings as a major source of potential energy savings. However refurbishment to standards of high energy efficiency involves high costs, and this will inevitably be the case in respect of deep energy renovation. As a large percentage of housing is privately owned CEPI asks the European regulator to recognize the effects which energy related measures may have on property rights and also on the property market which has been seriously affected by the financial crisis. The stability of the market is important for the European economy and for all European citizens.

### **Deep energy renovation: an ambitious objective which needs support**

CEPI supports the remarks made on behalf of the European construction sector, in particular with regard to effective renovation of the existing building stock. Action to ensure the deep renovation of existing buildings must be at the heart of European policy and strategy. It is also clear that sufficient financial means must be made available to ensure renovation projects, and it is particularly important that this finance should be accessible to individuals and small businesses. Otherwise the potential of buildings for energy saving will not be realized in the timescale envisaged.

Therefore we warmly welcome the promoting of awareness and technical assistance in facilitating deep energy renovation. These steps will help ensure the correct implementation of the recast Energy Performance of Buildings Directive (2010/31/EU).

### **How best to deal with the existing building stock**

The question of how best to deal with the existing building, and particularly housing, stock is one which has to be addressed and one that presents certain challenges. It is rightly said on behalf of the construction sector that the recast Energy Performance of Buildings Directive targets new buildings but that further ways must be found to ensure the deep energy renovation of existing buildings. Energy performance certificates are already playing an important role and present further opportunities for raising standards of energy efficiency which must be an important consideration in the implementation of the recast Directive.

However whilst the importance of refurbishing buildings which are the worst performers is clear, it has to be recognized that these buildings consist in many cases of private houses which are often owned by the elderly or those with a low income. Making sure that these buildings are brought up to the required standard raises difficult issues. Consideration must be given to the likely effects of binding requirements on property values.



## **Different interests of investors and tenants and problems in the case of co-ownership**

Property managers tender architectural and construction services and supervise all aspects of the process of renovation. In doing so they are in contact with different interested parties. In general they face difficult issues in the case of properties which are co-owned or multi-occupied by tenants in reaching agreement on the work to be done. Owners, investors and tenants sometimes have conflicting interests and views.

Complicated situations can arise in cases of co-ownership when renovation needs to be carried out on such properties. Property managers face such situations daily and have significant experience of dealing with such properties and their particular problems. They must not only understand the legal requirements relating to co-ownership, but also be able to negotiate agreement between different property owners in order to complete renovation work.

If there are difficulties in reaching agreement, it may delay or even prevent the works from being carried out. We recognize that this is a difficult problem to address but encourage discussion of what can be done to help at a European level to promote resolution of the conflicts which may arise. Examples of issues which are likely to cause concern are the voting procedure in co-ownerships to decide on the making of investments; the systems to measure energy consumption of co-owners, the classification of parts of the property (such as windows) as communal or individual property. There is also the question of what responsibility is placed on property managers to inform co-owners and/or to propose renovations? Targets for deep energy renovations will have to be carefully considered to avoid unintended effects.

The legal situation depends of course on national laws on co-ownership, but in every case there will be a procedure to be followed before projects can begin. Needless to say such procedures can be lengthy and difficult. Clear guidelines are needed as to resolve the problems which can arise when different owners have to agree and also to contribute to the cost of shared works in order to complete an energy performance-related renovation. This calls for innovative strategies and targeted financial support. The effective practical implementation of energy saving measures will make a real difference in the long-term.

Given that a large part of the existing building stock is in multiple occupation, the complications caused throughout Europe by such situations must be considerable. We note that it is considered necessary in the construction sector to increase the rate of deep energy renovation of buildings by a factor of two to three times the current rate. A number of the buildings which it is hoped to include in this renovation programme must be in co-ownership. Therefore the issues which are raised will have to be dealt with every day, many times over, in different countries.

This calls for an investigation as to the different national laws on co-ownership and common problems in different countries. Binding targets aimed at promoting deep energy renovation will not easily be implemented in cases of co-ownership unless ways can be found of facilitating agreement. There must also be suitably adapted financial assistance targeted to this particular situation.

The laws relating to co-ownership are a matter of national law, but given the importance and scale of the task in hand we feel that this is a matter which has to be addressed at a European level with a view to finding common solutions. Adapting laws of co-ownership to meet the needs of energy saving policies could prove a valuable contribution to achieving the desired objectives.

Also we must not ignore the difficulties faced between landlords and tenants, as to who will be responsible for the costs of the work and who will get the benefit of the energy saving. Clear direction to owners as to their responsibilities under national law and guidance for the professionals who have to advise them is important and, with the appropriate financial support, could help promote achievement of the ambitious targets being set for the building sector.



## **The importance of education and training**

CEPI supports education and training in all areas of the property sector. Therefore we recognize the importance of making sure that those who work with buildings have the training needed to ensure that they are fully aware of and understand the need to achieve low energy objectives. We urge that this be extended to all those working in the property sector, including estate agents and property managers. Both professions are in regular contact with consumers. Therefore we also welcome the idea of conducting a targeted awareness action towards consumers which both estate agents and property managers are in a good position to promote.

CEPI also supports the call to ensure that there are an adequate number of qualified and certified experts to carry out energy audits. In general the level of knowledge and expertise of those working in the property sector concerning energy efficiency needs to be improved.

## **Conclusion**

CEPI supports the statements made on behalf of the construction industry in particular with regards to the deep renovation of the existing building stock and targeted financial assistance. However whilst binding targets may well have a part to play in ensuring that the necessary works are carried out they should not be introduced without careful consideration of the effect on the property market. Attention must also be given to the legal situation in different Member States with particular regard to the laws of co-ownership which otherwise may hinder effective renovation, and how to deal fairly with the allocation of costs and savings between landlord and tenant.

It is fundamentally important that there must be a properly trained workforce available, sufficient to meet the challenges of new legislation and requirements. Reducing the energy consumption of buildings presents many challenges. To meet these challenges all working in the property sector need proper information, training and clear guidelines as to the correct and most effective means of carrying out of such work in the interests of a real improvement in the energy efficiency of the existing building stock.

(\*) The mission of CEPI, the European Council of Real Estate Professions, is to support European and cross-border transactions by enhancing and strengthening the work and activities of property professionals. We represent around 260,000 estate agents and property managers belonging to more than forty national professional associations based in 27 EU and EFTA countries.