

Energy-efficient renovation A poverty trap for tenants ?

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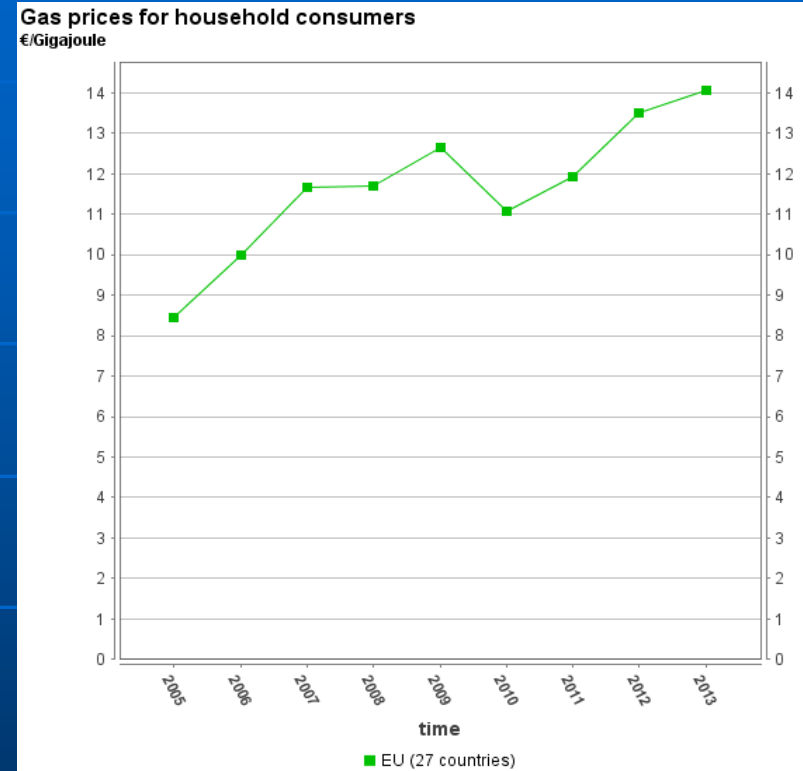
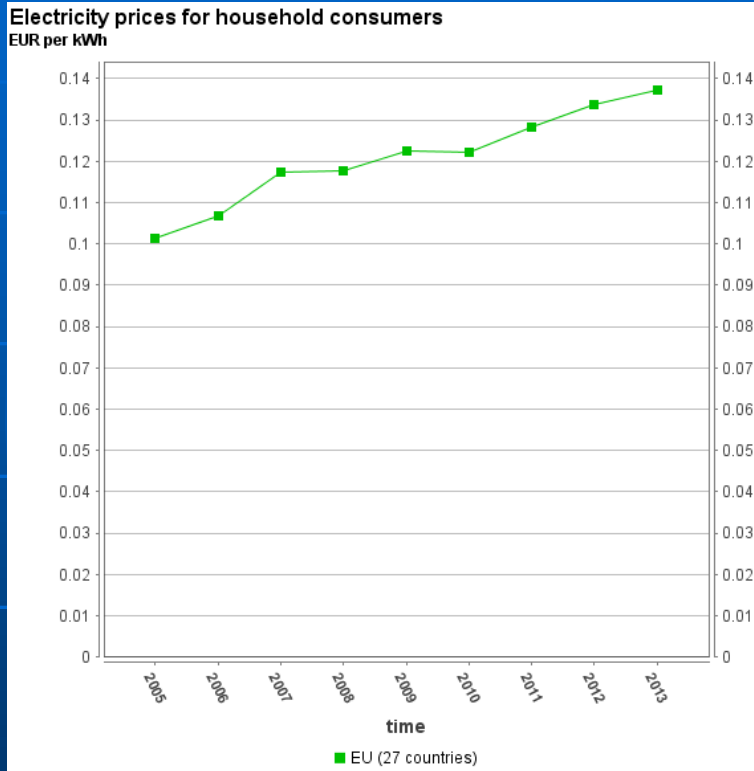
Energy poverty in the EU

52 m people cannot keep their home adequately warm
161 m people face disproportionate housing expenditure
87 m people live in poor quality dwellings
41 m people face arrears on their utility bills

Housing deprivation: 15.7 % EU population living in dwellings with a leaking roof, damp walls, floors or foundations, or rot in window frames or floor (EU-SILC)

Electricity prices for household consumers in the EU-27 (2005-2013)

Gas prices for household consumers in the EU-27 (2005-2011)



Source: **EUROSTAT**

→ **energy prices do not cease to increase**

Tenancy and energy poverty

Being a tenant is *per se* a driver of energy poverty

WHY?

- Tenants live generally in more inefficient dwellings
- Tenants don't have same resources as landlords to invest in EE measures nor the legal possibilities to demand for it

In 21 European countries, renovation costs may be passed on to tenants through rent increase - leading often to welfare losses or «renovictions»

Energy-efficient renovation should be **at least cost neutral** for tenants, i.e. balance between rent increase and energy savings

Worrying housing overburden rate for tenants in private market

Significant share of **tenants living in households where total housing costs (including energy) represent more than 40% of their disposable income.**

Housing overburden rate: **26.5%** of tenants renting at market price in the EU-28

Very critical situation in :

- Bulgaria and Spain >40%
- Greece and Lithuania >50%
- Romania >70%

(Source: EU-SILC)

Energy Efficiency Directive

EED does not protect tenants against potential losses resulting from EE improvements

It rather ask MS to «remove barriers» (Art. 19), without taking social considerations into account

Art. 6(5) too weak:

«*Within the energy efficiency obligation scheme, Member States **may**: (a) include requirements with a social aim in the saving obligations they impose, including by requiring a share of energy efficiency measures to be implemented as a priority in households affected by energy poverty or in social housing*»

IUT claims for a review of the EED to ensure that tenants are not financially penalized by energy-efficient renovation

Energy performance and rents

Energy performance generally not considered when setting the rent price

- It should be part of rent levels (as in the “point system” of Netherlands and *Mietspiegel* of Germany) in order to stimulate investment in EE improvements
- ensure enforcement of **Art. 12 EPBD** - energy performance certificates to be handed over to tenants/buyers

Social/affordable housing at the centre of EE policies

Shortage of decent and affordable housing + inability of residents/tenants to afford energy costs, maintenance & renovation = poverty and social exclusion

→ crucial to put social/affordable rental housing at the centre of EE policies

IUT welcomes new policy line of the European Commission (prioritize EE investment in social rental housing)

Actions needed at different levels of governance

EU level: financial instruments to support EE investment in social rental housing

National level: governments to facilitate EE agreements between tenants & landlords like Dutch covenant on energy savings (housing costs guarantee: rent increase \leq energy savings)

Local level: energy performance as a component of rent to stimulate investment

The International Union of Tenants

- IUT represents the interests of tenants on a supranational level
- 65 member associations in 44 countries, covering 19 EU Member States
- IUT-Headquarter in Stockholm, Sweden
- Since February 2008, EU liaison office in Belgium, Rue du Luxembourg 23, B-1000 Brussels
- Thanks for your attention!
- Questions: davide.lanzillotti@iut.nu