Good practice examples

Policies which facilitate low carbon retrofit of multi-occupancy apartment buildings

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The European Performance of Buildings Directive (EPBD) and the Energy Efficiency Directive (EED) are key drivers for low carbon retrofit, stimulating national renovation strategies and a range of policy measures. Different countries have implemented the directives to different degrees and with varying levels of success in terms of stimulating take up of low carbon improvements to buildings. The LEAF project identified examples of best practice across the EU, many of which go above and beyond the requirements of EU directives, and could be replicated elsewhere.

a) **Maintenance funds ring-fenced for energy efficiency improvements.** This exists in only a very few situations currently, and tends to be specific to management arrangements in certain multi occupancy buildings. It stimulates renovation of buildings by making funding accessible for energy efficiency improvements (as distinct from general building maintenance), getting around the financial barrier to retrofit. This could be adopted as a national strategy and could be used to target, for example, the worst EPC-rated multi-occupancy buildings to ensure funding is available to undertake essential work. As a policy it would work effectively alongside the introduction of minimum requirements.

b) **Requirement to do energy efficiency work at the same time as maintenance work is carried out.** This policy is being introduced in France from 2017 and is an excellent example of best practice which not only stimulates energy efficient retrofit but also makes improvements more cost effective. When improvements are made alongside other maintenance work rather than separately, there are associated cost savings on, for example, scaffolding, access to pipes and wires, or re-decoration following building work.

c) **Funding for measures which exceed legal requirements.** In Germany a national programme offers grants or cheaper interest rates for retrofit of residential buildings and buildings of communal and social infrastructure. Measures supported exceed the legal requirements of the Energieeinsparverordnung and as such encourage a level of retrofit beyond simply meeting requirements. Similarly, Austrian subsidy systems calculate the amount of funding based on the quality of the refurbishment achieved in order to improve energy performance in buildings (i.e. beyond legal requirements).

d) **Minimum standards for energy performance at point of sale / let.** This policy measure, currently in place in Scotland for housing associations, sets a minimum rating (in Scotland a D rating is currently required), and ensures that when a property is sold or leased to new tenants, improvement work must be carried out if the property does not meet minimum energy performance levels.

e) **Rental Price Points System.** In the Netherlands, rent setting is based on a ‘home points system’, in which various features like space and facilities add points. Energy efficient improvements add points, meaning that a higher rent can be charged so the landlord or building owner can recoup the cost of making improvements, whilst the occupier benefits from cheaper running costs which balance out a higher rent.

f) **Local trade support programmes.** An example of a support programme for installers is a UK scheme, ‘Trade Support’ run by the Centre for Sustainable Energy (CSE) as part of a Local Authority (Bath and North East Somerset) retrofit programme, providing training courses to help local skilled tradesmen enter the market for external solid wall insulation, addressing the barrier of gaps in the supply chain.

g) **Scottish area based programmes for home energy efficiency improvements.** In Scotland, the Home Energy Efficiency Programmes’ (HEEPS) Area Based Schemes form a 10 year programme which is funded by the Scottish Government and tops up ECO funds. Schemes are delivered through local authorities, who are best placed to understand the nature of local housing provision and co-ordinate a local supply-chain. The programme is focussed on the most deprived areas in the country and hard-to-treat measures, such as external wall insulation (with previous programmes having installed easier low-cost measures).

h) **Long term leases.** In Germany leases tend to be long term and residents have more of a vested interest in paying for improvements to properties which they do not own. In addition, management arrangements in multi occupancy buildings are well structured and improvements can be co-ordinated centrally.

i) **Subsidies paid directly to installers.** The Energy Company Obligation is a UK scheme which provides funding for energy efficiency improvements. Unlike most other schemes, payments for improvements go straight to the installers (not the resident), ensuring that funds are actually used to pay for energy efficiency improvements, and making it easier for residents to manage payments in multi occupancy buildings. This system limits consumer choice of installer, but in some situations this drawback is outweighed by the advantage of simplifying the payment process.

j) **Subsidies for building-wide energy efficiency improvements paid to building management committees.** The greater Lyon federation of cities offers subsidies to owners associations to pay for works which are implemented across multi occupancy buildings such as external wall insulation, shared ventilation systems, and shared heating system.

k) **Demonstration homes**. The UK Green Open Homes programme was set up with funding from central government in the UK and stimulates renovation through demonstration projects and using the principle of social norming. Householders who have made energy efficiency improvements to their homes open them to visitors to explain what they have done, how it works and what the benefits are. Evaluation data show that visitors are influenced to make improvements to their own homes.

l) **Combining subsidies and loans.** In France, subsidies are often combined with loans. Loans are easily to obtain for owner associations because of lending arrangements which are not dependent on age, health or income. The only criterion is that the borrower pays building management fees (i.e. costs requested by the property manager to pay for cleaning and lighting of the shared parts of the building). The amount borrowed can be as much as the total cost of improvement measures minus the subsidies and the length of the repayment period is flexible (monthly instalments spread over 3, 5, 7 or 10 years). This is an opportunity which could be trialled in other countries.

m) **Paying for improvements linked to energy bills.** The Green Deal model in the UK (no longer running) provided a way around occupiers not having access to funds to pay for up-front costs of low carbon improvements. Finance packages were calculated based on potential improvements and anticipated energy savings, with costs recovered through an additional payment added to electricity bills. The energy saving improvements which are installed reduce energy use in the property (and therefore the running costs), so the overall bill, in theory, does not increase. The Green Deal itself did not prove to be a success for a number of reasons,(such as the interest rate applied), but the premise of upfront costs paid back through a payment added to energy bills is replicable.