

Energy renovation in private rental homes



Karl Vogt-Nielsen
Red-Green Alliance, Denmark

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Rental housing in Denmark

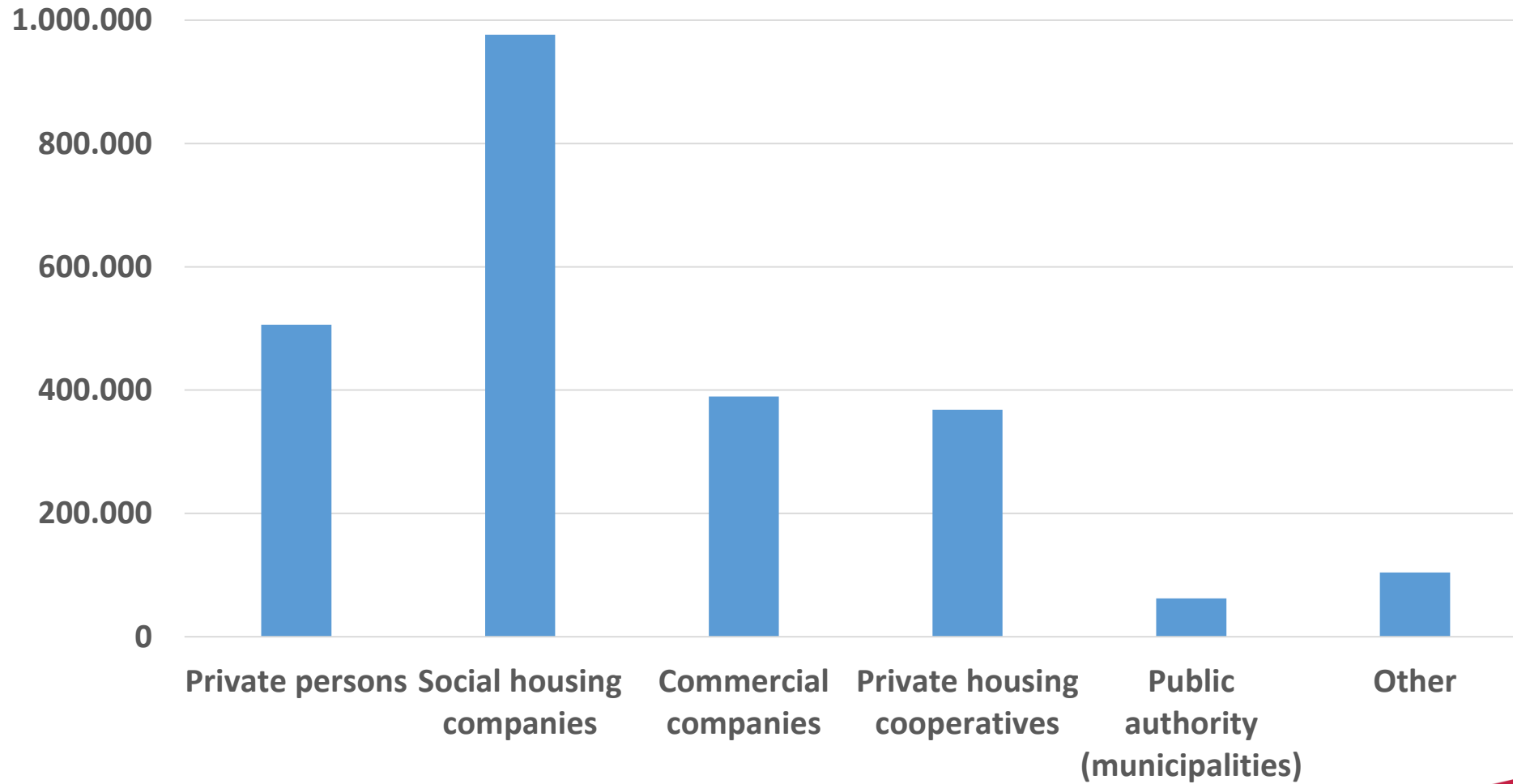
Nearly 50 % lives as tenants

- the rest in own houses or flats



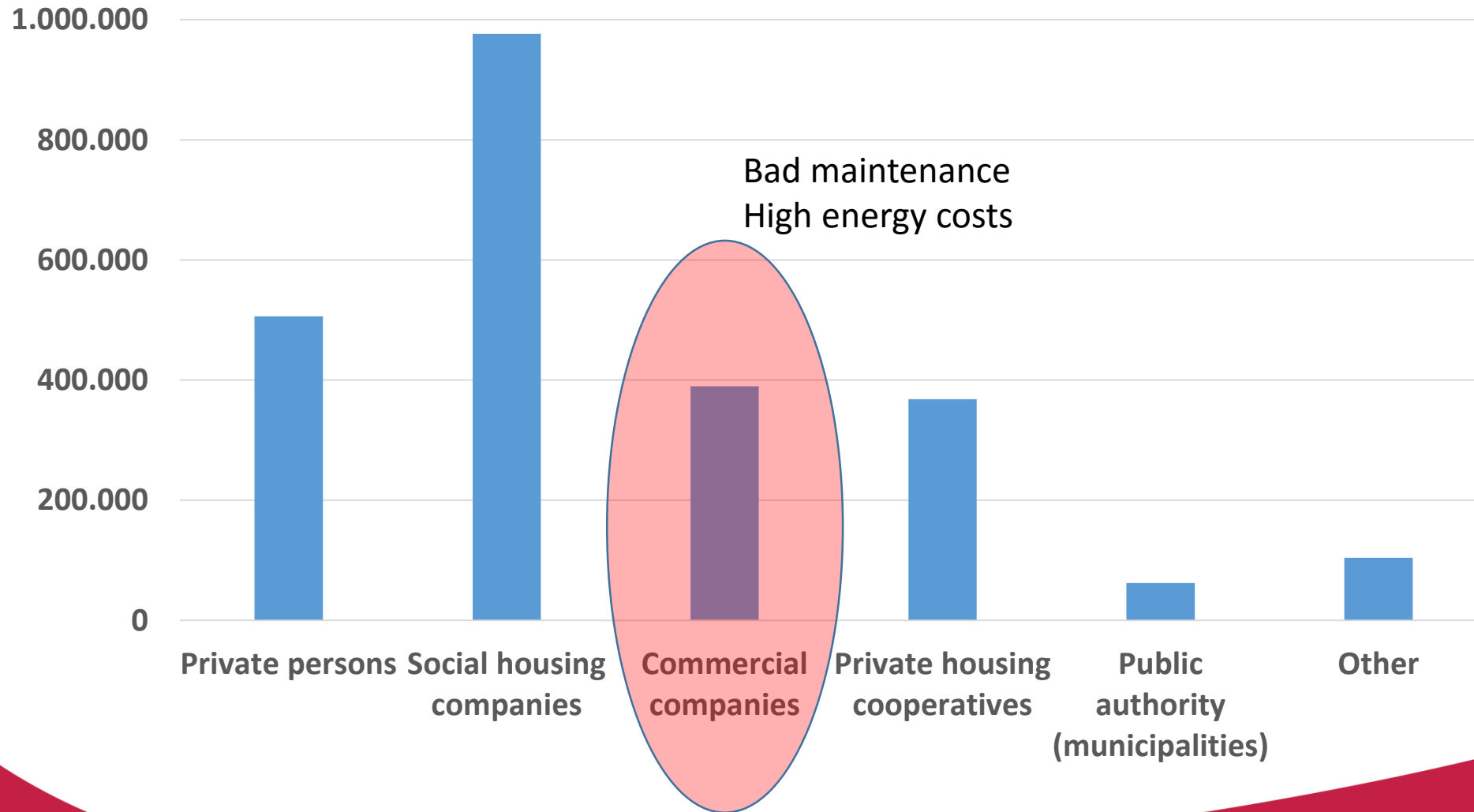
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Tenants in Denmark



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Tenants in Denmark



Private rental homes

Maintenance

The tenants pay the monthly rent to the landlord (Vermieter) and in the rent is included money for maintenance of the house

Energy renovation

Energy renovation is always carried out as part of "City Renewal" programmes – maybe with support from the municipality or the state

City Renewal Programmes

4 different models



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Maintenance and energy renovation

Problem 1:

The landlord often fails necessary maintenance and can with fix faxes put the maintenance costs in their own pocket

Problem 2:

When the landlord carry out energy renovation of the building, he can pass on the cost to the rent – and the missing maintenance is then included in this.

Result: The tenants often pays two times for the maintenance...!



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4 City Renewal Programmes

1. "Blue city renewal" That's when the municipality decides an city renewal in an area – with focus on properties with major maintenance problems - may also include apartment merging where half of the tenants might have to move.

Here there is no influence for tenants, either individually or collectively, but they have a right to a substitute housing.

A veto-right to individual and collective tenants was removed in 2003. The cost is put on the rent.



4 City Renewal Programmes

2. "Green city renewal" – the landlord and (a majority of) the tenants can agree, that an energy-saving project is carried out – also including missing maintenance, though the tenants have already payed for this.

There is no state-subsidy for the rent increase but a so-called phasing-in support from the municipality – so the rent will raise over some years...

It often ends up with a high rent, forcing some tenants to move out - there is no demands for substitute housing for those.



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4 City Renewal Programmes

3. “**Yellow city renewal**” – The landlord might perform an energy renovation if he can prove, that the rent increase is fully matched by savings on the tenants energy bill.

It’s called **Total economically profitable energy improvements** and was introduced in 2012. There are no subsidies.

The principle is OK – but here also missing maintenance might be payed twice by the tenants – and though the energy saving has to be approved by an energy certified energy labeling company, there is always uncertainty about this.



4 City Renewal Programmes

4. "Orange city renewal" worked out by Red-Green Alliance in cooperation with the national Tenants' Organization. Programme with state subsidies to energy renovation.

Implemented 2014 as part of an agreement among "red parties"...

It's based on a total agreement between tenants and the landlord.

The clue is, that the landlord have to reduce the higher rent for the energy project with the share from "missing maintenance" – but he gets a smaller part of the state subsidie to this. The rest of the subsidie nearly neutralizes the higher rent.



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The Orange Programme – a real example

A rental property with 20 rentals. Each apartment is 50 sqm.
Bad windows with one layer of glass. The gable (Giebel) is ice-cold.
The heating system in the basement is driving crazy all the time.

The project:

- New windows with three-layer glass: 107.000 € (including new entrance door, back door and new windows in the staircase).
- Energy management of the heating plant 31.000 €
- Grid insulation 12.000 €

Total expenses incl. VAT and techniques expenses etc. 150.000 €



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The Orange Programme – a real example

- The rent increase for the tenants is 27 € per month after subsidies.
- A certified energy labeling company states that heat savings reduce heat bill with 20 € per month.
- Net increase 7 €

The landlord could alternatively enforce the work without subsidies resulting in a rent increase of 35 € a month.



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The Orange Programme – a real example

But what's in it for the landlord?

He must pay the maintenance part of the total cost of 150.000 € - or 37.000 €

Maybe the landlord has kept money for maintenance but often this account is zero.

Therefore the model includes a subsidy to the landlord – in this case 7.000 € to the maintenance part - enough to be a win-win for both tenants and landlords to chose this model – the Orange Urban Renewal programme.



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That was my 7 minuttet.....



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