

Date: 26 September 2011
Subject: EU Proposal for an Energy Efficiency Directive

Introduction

The Northern Ireland Federation of Housing Associations (NIFHA) represents registered and non-registered housing associations in Northern Ireland. Collectively, our members provide around 36,000 good quality, affordable homes for renting or equity sharing. Further information is available at www.nifha.org.

Background

On the 22nd June, 2011, the European Commission published a draft Directive, provisionally known as the “Energy Efficiency Directive”. We are aware the DECC is currently working with other Government departments, the devolved administrations, and stakeholders to consider the implications of the Directive’s proposals. We also note negotiation of the Directive will commence in the autumn and in the meantime the DECC would welcome feedback from stakeholders on its content.

General Comments

Whilst this is not a formal consultation NIFHA welcomes the opportunity to comment on this important Directive on behalf of its member housing associations. Northern Ireland’s housing associations have been leading the way in terms of developing energy efficient homes for many years and currently build to the Code for Sustainable Homes Level 3 as a minimum. Moreover, our members planned and cyclical maintenance programmes also routinely include measures to improve the energy efficiency of the dwellings they own and manage.

Although NIFHA and its members support the Directive’s overall aim of ensuring the EU 20% energy efficiency target is reached by 2020 we have real concerns some of the proposed articles have the potential for adverse impact on housing associations.

Specific Comments

1. We believe Article 2.4 of the Directive could have significant financial consequences for our registered housing associations since they would be considered to be ‘bodies governed by public law’ in European Union terms. Despite being treated as ‘public bodies’ under EU law, our registered housing associations are in fact voluntary organisations which are also registered charities. As such they have neither the powers nor the financial capacity of public bodies. In the main their investment capacity comes either from prudent management of rental and service provision income or debt finance.

Whilst the proposed renovation obligation could make sense for public buildings which are owned and used by a public authority that is not the case for social housing providers since they are not, in the main, the end users of their properties. As a result our members would not be in a position to control the energy consumption of the social housing they provide, neither would they benefit directly from any energy cost reduction as a result of refurbishment. We therefore suggest adding an exclusion for contracting authorities owning social housing stock unless specific finance, which would fully fund the renovation obligation, is provided to them within the framework of the Directive.

2. As a result of the above provision housing associations would be subject, under Article 4, to a mandatory three percent annual renovation requirement for buildings that do not meet the standard. The proposal suggests this would apply to buildings with a total floor area over 250m² but we understand the European Parliament is keen to remove this threshold which would leave all buildings owned by social housing providers subject to the refurbishment obligation set by the Member state.

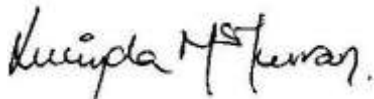
In our view this obligation has the potential to impact on the investment capacity of housing associations and in some cases could even prompt the sale of stock to pay for the mandatory renovation.

3. Similarly Article 5 of the Directive would create cost implications for housing association procurement because they would be treated as public bodies instead of being recognised as independent voluntary organisations. In its current format the Article is too prescriptive and could add further complexity and costs to an already cumbersome EU procurement process. For this reason we suggest it should be removed.
4. On the basis of discussions with our colleagues in the National Housing Federation and research they have undertaken we consider this obligation would be too costly if placed on our member associations as it stands. We therefore recommend that social housing is excluded unless the onus on energy suppliers to achieve an energy-saving target stated in Article 6 or structural funds, such as European Regional Development Funds, are in place and sufficient to fully meet the additional costs.

Conclusion

I am pleased to submit this response on behalf of NIFHA and trust you will find our comments helpful.

Submitted on behalf of NIFHA by:



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