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Tenancy law and energy renovation in European comparison

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Project management

Rolf Müller, BBSR

Edited by

TenlawUrbanRegion, Bremen, RegioKontext GmbH, Berlin
Christoph Schmid, Arnt von Bodelschwingh, Thomas Knorr-Siedow,
Raimund Hofmann, Tobias Pinkel, Simon Wieland, Olaf Keßler, Clemens Jänicke

Translated by

Jason Dinse

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Dear readers,

EU environment, climate and energy policy uses numerous European Union directives in order to reduce CO₂ emissions and increase energy savings and efficiency within the EU. Concerning housing markets within EU member states, applicable European legal enactments have different ramifications in terms of cost distribution between tenants and landlords, as well as social fall-back systems for housing. The scale of these ramifications depends on, among others, national housing law; legal regulations on energy-saving measures; and the general significance of the rental market for the respective national housing market. In a comparative approach covering 14 countries, an interdisciplinary research team analysed the impact of EU legislation with a special focus on energy efficiency. Through international research connections varied national expertise could be relied upon.

The results of this research show that countries which provide the best preconditions for the adequate implementation of energy efficiency measures are those with differentiated rental markets, with strong associations and interest representation, a high share of non-profit landlords, as well as specific and effective legal provisions to enable the allocation of the costs of energy refurbishment measures on tenants.

In the course of the study a descriptive account of the respective national housing markets was worked out. These "country profiles" form the basis of the following comparative description and can be accessed on the BBSR website.

I wish you a happy reading.

A handwritten signature in blue ink, which appears to read 'H. Herrmann'.

Director and Professor Harald Herrmann

Content

Executive Summary	6
1 Introduction to the research project	12
1.1 Introduction.....	12
1.2 Methodology and Sources.....	14
1.3 Structure of the research report.....	15
2 Country Profiles	16
2.1 Denmark country profile	16
2.2 Germany country profile	19
2.3 England country profile.....	23
2.4 Estonia country profile.....	27
2.5 Finland country profile	31
2.6 France country profile.....	35
2.7 Italy country profile	39
2.8 Latvia country profile	42
2.9 Netherlands country profile.....	45
2.10 Austria country profile.....	48
2.11 Poland country profile.....	52
2.12 Scotland country profile.....	55
2.13 Sweden country profile.....	59
2.14 Switzerland country profile	63
3 Impact of EU legislation on tenancy law	67
3.1 Direct impact of EU law on tenancy law with regard to the energy efficiency of rented property.....	68
3.2 Indirect impact of EU law on tenancy law with regard to the energy efficiency of rented property ...	69
3.2.1 Directive 2010/31/EU of the European Parliament and of the Council of 19 May 2010 on the total energy efficiency of buildings.....	69
3.2.2 Directive 2012/27/EU of the European Parliament and of the Council of 25 October 2012 on energy efficiency	70
3.2.3 Other selected EU directives and regulations.....	73
3.3 Interim results.....	73

4	Comparison of the provisions of national tenancy law relevant to energy renovation	74
4.1	General provisions of tenancy law.....	76
4.1.1	Relevance of publicly funded housing	76
4.1.2	Relevant general structures of tenancy law.....	77
4.2	Allocation of ancillary costs and utilities	84
4.3	Special tenancy law provisions for energy efficiency.....	85
4.3.1	Information duties	86
4.3.2	Duty to tolerate renovations.....	88
4.3.3	Compulsory energy renovation.....	92
4.3.4	Rent increases due to energy renovation measures	98
4.3.5	Subsidization.....	102
5	Classification and path development in the countries under review.....	106
5.1	Welfare regimes and trends	106
5.2	Methodology of Classification.....	109
5.2.1	Approach.....	109
5.2.2	Particular indicators	109
5.3	Classification	116
5.3.1	Partial classification of main feature area 1: Basic characteristics of the national housing market	116
5.3.2	Partial classification of main feature area 2: The housing market and its regulation	117
5.3.3	Partial classification of main feature area 3: Energy efficiency and regulating energy recovery measures	118
5.4	Summarizing classification and interim results.....	119
6	Conclusion.....	122
7	Bibliography.....	126

List of figures and tables

Figure 1:	Share of rental dwellings in EU countries	7
Figure 2:	Overview of countries under review	13
Table 1:	Basic information Denmark	16
Table 2:	Basic information Germany	19
Table 3:	Basic information England	23
Table 4:	Basic information Estonia	27
Table 5:	Basic information Finland	31
Table 6:	Basic information France	35
Table 7:	Basic information Italy	39
Table 8:	Basic information Latvia	42
Table 9:	Basic information Netherlands	45
Table 10:	Basic information Austria	48
Table 11:	Basic information Poland	52
Table 12:	Basic information Scotland	55
Table 13:	Basic information Sweden	59
Table 14:	Basic information Switzerland	63
Table 15:	Regulation of the rent amount	78
Table 16:	Fixed-term and open-ended tenancies	81
Table 17:	Practical termination of the lease by the landlord at the end of the contract period	82
Table 18:	Termination by the landlord (only for countries with typically open-ended or long-term contracts)	83
Table 19:	Right of the landlord to perform renovations	88
Table 20:	Provisions on renovations	93
Table 21:	Regulation of rent increase in relation to energetic renovation measures	98
Table 22:	Scoring System for regulating rent in the Netherlands	101
Table 23:	Direct subsidies by country	103
Table 24:	Value added tax benefits	104
Table 25:	Income tax and corporate income tax benefits	105
Table 26:	Welfare state type of the countries under review	108
Table 27:	Classification of the characteristic “share of rented dwellings”	110
Table 28:	Classification: Share of social housing in the total rental housing stock	112
Table 29:	Overall classification of the countries into groups	120

Executive Summary

With a view to furthering climate protection and a sustainable reform of energy supply, the European Union has committed itself to ambitious objectives in energy policy. Directive 2012/27/EU, which had to be implemented into national law by June 2014, specifically aims at increasing energy efficiency in the existing building stock. Indeed, a huge potential for energy savings may be supposed to exist in this sector. Rental dwellings therefore play a significant role in this context.

State of the art and methodology

The present study starts off from a socio-economic and comparative description of tenancy law and markets in 12 EU Member States resp. 13 countries (as within the UK, England and Scotland have been analysed separately) and Switzerland. The comparative analysis of tenancy law provisions relevant to energy renovation in the rental stock is based on this description, which extends to both the European and the national level.

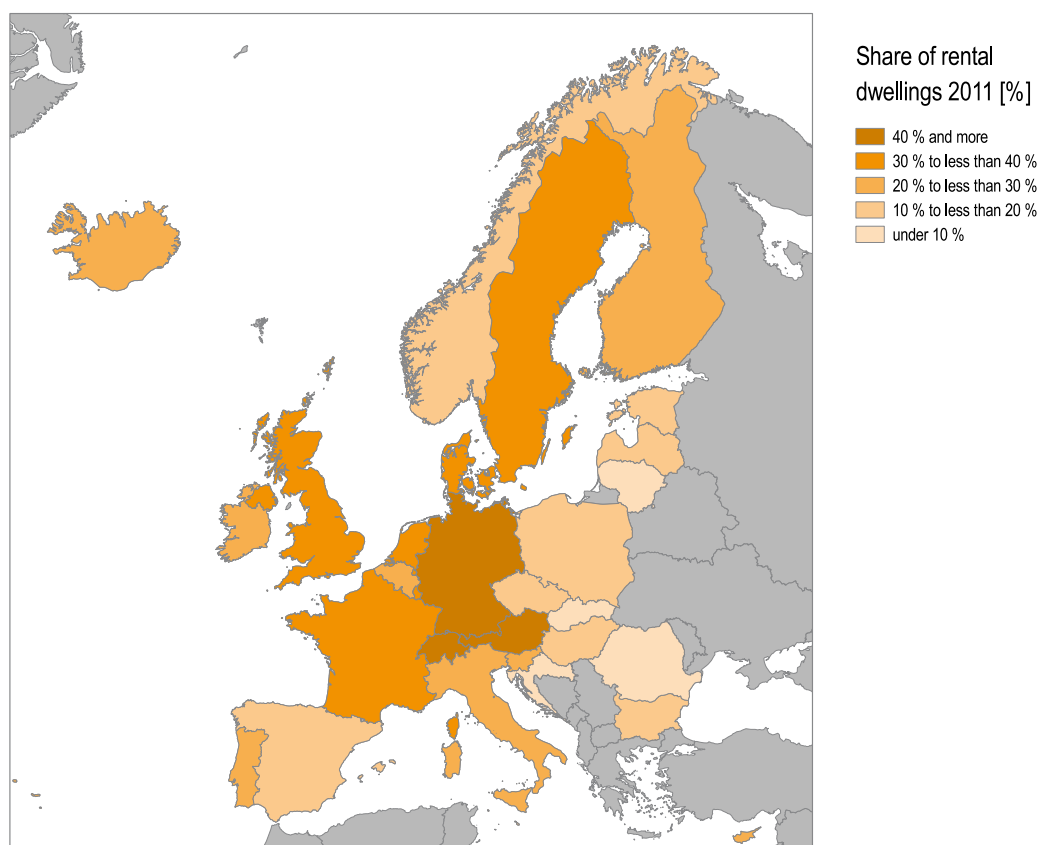
On the basis of this analysis, the countries under review are divided into several groups. This categorization aims at locating national tenancy law provisions within the overall energy policy context and explaining under which conditions progress in energy efficiency in buildings may be reached.

Beyond that, the study examines which approaches the various countries have chosen to implement European provisions into national tenancy and housing law (in Switzerland in the framework of autonomous alignment to European legal standards). To this end, the study first needs to identify those fields of law and policy which have a strong bearing on energy efficiency. The central legal basis in European primary law is Art. 194 TFEU, which explicitly focuses on the promotion of energy efficiency and energy savings as objectives of European energy policy.

Starting in January 2014, the research project underlying the present study analysed the situation of the housing market with a particular focus on energy performance and its interconnections with private tenancy law and public law regulations aiming at increasing energy efficiency in the rental stock. This analysis was carried out in 14 selected European legal orders:

- Denmark
- Germany
- England
- Finland
- Estonia
- France
- Italy
- Latvia
- Netherlands
- Austria
- Poland
- Scotland
- Sweden
- Switzerland (as third country of reference)

Figure 1: Share of rental dwellings in EU countries



Source: Eurostat. Editing: RegioKontext.

This selection encompasses both countries which are very different from Germany and countries exhibiting similar legislative provisions as well as court and administrative practice. This approach enables the identification of different regulatory models and elements of best practice.

In a methodological perspective, this project is based on a synthesis of different approaches. First, secondary literature and own sources of information were used. In this respect, the broad preliminary work undertaken by the project team in the framework of the Tenlaw project (implemented by the Centre of European Law and Politics at Bremen University (ZERP) under the 7th Framework Programme of the EU) could be relied upon.¹

As the central source of information, a detailed questionnaire was answered by specialized national reporters for each of the countries under review. Its contents and structure had a qualitative focus. This knowledge base of the project was reflected and broadened in various workshops, which were organized together with the contracting authority and to which representatives of other federal ministries and external experts (from Spain, the Netherlands and Austria) were invited. In the final phase of the project, the national reporters were consulted again to control its key results.

¹ cf. www.tenlaw.uni-bremen.de

Scientific approach and intermediary results

Step 1: Country profiles

For each country, a profile was drafted which is based on multiple sources of information and data including the expert answers to the questionnaire (see chapter 2). The uniform structure of the profiles may be summarized as follows:

- Basic features of the national housing system
- Typology of rental buildings
- Trends in housing policy and supply
- Rental markets
- Excursus on national tenancy law
- Networks of actors active in rental housing
- Energetic efficiency: basic features and trends

These profiles contain a structured and coordinated information base on all covered areas of research and for each of the countries under review.

Step 2: Influence of EU legislation on national tenancy law

In this step, stock is taken of the relevant EU legislation on energy efficiency (chapter 3). This analysis shows that a large number of European directives and regulations considerably influence housing markets and tenancy laws. These range from public procurement law to technical standards and consumer law. These legislative instruments are structured and evaluated according to whether they exercise direct or indirect influence on national tenancy law.

Step 3: Comparative analysis of national tenancy law provision relevant to energy renovation of buildings

The comparative analysis of national tenancy laws including the regulation of energy renovation (chapter 4) makes a distinction between (a) general tenancy law, (b) legal prescriptions on the distribution of additional costs and utilities and (c) tenancy law provisions on energy efficiency.

An evaluation of general tenancy law provisions shows that three types of countries may be distinguished with respect to the duration of tenancy relationships:

- Countries in which fixed-term and open-ended tenancy contracts are lawful (e.g. Austria).
- Countries in which only fixed-term tenancy contracts (normally covering longer periods) are lawful (e.g. France, Italy).
- Countries in which fixed-term tenancy contracts are lawful only exceptionally (e.g. Germany).

As regards termination of open-ended tenancy contracts, the countries under review may be divided into three categories:

- Countries where open-ended contracts may be terminated without restrictions (e.g. Switzerland)
- Countries where open-ended contracts may be terminated only for important, legally pre-defined reasons (e.g. Denmark, Germany).
- Countries where open-ended contracts cannot, factually, be terminated (e.g. Sweden).

The following further issues, which are relevant to a comparative law analysis and an overall categorization of countries, are analysed:

- Rent regulation (in the case of the conclusion of new contracts and rent increases in existing contracts)
- Obligations of the tenant to tolerate refurbishment works
- The distribution in fact and in law of running costs and additional charges between landlord and tenant
- Information duties relating to the energetic state of rental dwellings and the remedies available in case of their violation.
- Obligations to carry out energy refurbishment measures, e.g. in the case of certain measures or of violation of certain technical or environmental standards
- Special regulations on the division of costs of measures of energy renovation between landlord and tenant (in countries allowing rent increases in existing contracts)
- State aid for measures of energy renovation (tax incentives and direct subsidies)

Step 4: Categorization and path developments in the countries under review

A further step is devoted to the comparative description of different framework conditions and implementation strategies (chapter 5). According to this analysis, the countries under review may be subdivided into three main types:

- *Type 1: “High share of non-profit rental dwellings with a comparatively high degree of regulation of energy renovation”: Denmark, Sweden, Netherlands*

The countries pertaining to this group are characterized by a comparatively high degree of regulation aimed at implementing measures of energy renovation and shifting costs on tenants. The requests for public subsidies are low to medium in this group. Non-profit housing associations and cooperatives have mostly high relevance in these countries and security of tenure is likewise high.

- *Type 2: “Medium degree of regulation on energy renovation combined with high degree of security of tenure”: France, Germany, Austria*

This group displays a medium degree of regulation on energy renovation (normally, this regulation has a procedural focus, except in Austria). The allocation of costs on tenants is legally possible to different degrees (no uniform regulation in Austria). The requests for subsidies are medium to high. Security of tenure is generally high in these countries (in Austria, it depends on the type of rental buildings).

- *Type 3: “Low degree of regulation on energy renovation combined with a rather low degree of security of tenure”: Switzerland, England, Scotland, Italy and Estonia*

This group is made up of countries in which energy renovation measures are comparatively little regulated. Thus, in England, Scotland and Switzerland, only the procedure to be observed for energy renovation works is regulated. In Estonia and Italy, the consent of the tenant is required; alternatively, the landlord may terminate a rental contract in a medium term perspective. The allocation of renovation costs on the tenant is not legally regulated but market-based. Security of tenure in the private rental sector is generally low in this group.

Finland, Poland and Latvia display individual features in central issues, for which reason they cannot be accommodated plausibly in this categorization. For this reason, they could not be integrated into final analysis either.

Moreover, the project has shown that, despite the close resemblance of central parameters (e.g., the share of rental dwellings in the overall stock), the national framework conditions and therefore also the national strategies

to adapt the housing stock to the objectives of energetic renovation may be very different. The following factors are relevant in this respect:

- Stability of tenancy relationships
- High degree of regulation of energetic renovations
- Obligation of the tenant to tolerate energy refurbishment works
- Share of non-profit housing in the overall stock

Key results and conclusions

To promote energetic renovation of buildings, the European Commission primarily relies on existing measures and strategies in the countries under review. These measures and strategies have been shaped during the last decades against the background of different national framework conditions (including the structure of the building stock, climatic conditions and legal provisos) and constitute the basis of European energy policy.

At European level, EU Member States are subject to notification and reporting requirements and obliged to elaborate national action plans for energetic efficiency and strategies for the refurbishment of the existing housing stock.

An assessment of the impact of energy renovation measures on landlord and tenant depends primarily on **general tenancy law at national level**. National provisions also determine whether an adequate division of the benefits of such measures may be achieved, as prescribed by Art. 19 Directive 2012/17/EU.

In most countries under review, the **amount of the rent** may be agreed upon freely by the parties at the conclusion of the contract. Conversely, rent increases in existing contracts are limited by regulatory provisions in most countries; in addition, their interaction with the rules on termination of the tenancy relationship is relevant as termination may constitute an obvious alternative for the landlord if legally possible.

As regards duration of tenancy contracts, open-ended contracts are predominant in practice in most countries under review. Countries with fixed-term contracts do not normally allow termination to achieve rent increases whereas termination to enable core refurbishment works to enhance the energy performance of the building is generally possible. At least in theory, short term contracts seem to offer the possibility of implementing energy renovation measures at the end of each term. However, the data show that in countries characterized by short term contracts, such as the UK, the volume of energy renovation measures carried out up until now is rather low. This may be explained by the fact that landlords may refrain from investments into old buildings in particular on account of insufficient rates of return.

As regards the **obligation of the tenant to tolerate energy refurbishment works**, it seems that most countries allow energy refurbishment measures to be carried out within a reasonable delay and without prohibitive additional costs for the landlord. However, in a few countries including e.g. Poland, problems with such measures may arise, as neither obligations of the tenant to tolerate refurbishment works exist nor may tenancy contracts be lawfully terminated within shorter periods of time.

The landlord's right to **increase the rent after completion of energy refurbishment** measures is regulated in very different ways, irrespective of whether the pertinent provisions are contained in special legislation or general tenancy law. However, the possibility of allocating renovation costs on the tenant through rent increases constitutes an essential precondition for an adequate distribution of the benefits of refurbishment measures in the sense of Art. 19 Directive 2012/27/EU. This is so for the simple reason that the tenant profits most from energy savings according to the usual allocation of heating costs among the parties whereas the landlord is obliged to finance the refurbishment in the first place.

In those countries where the rent is not regulated in existing contracts and, therefore, depends on the market, there exist no special provisions on rent increases after the completion of energy refurbishment works. The categorization shows that those countries typically show a higher need for enhancing the energy performance of buildings.

Financial incentives become relevant when rental dwellings are subject to framework conditions which render cost-effective (i.e. capable of being refinanced from rental income) investments difficult or impossible (in particular when rental dwellings are predominantly occupied by low income, vulnerable tenants). For the subsidization of energy refurbishment measures, most countries use a combination of facilitated loans and benefits as well as tax incentives in the field of VAT, income and/or corporate taxes.

In sum, which framework conditions would seem to be suitable to strategically promote energy refurbishment measures? The results of this research show that the countries appearing to score the best are those with differentiated rental markets which have strong associations and interest representations, a high share of non-profit landlords as well as specific and effective legal provisions to enable the allocation of the costs of energy refurbishment measures on tenants.

1 Introduction to the research project

1.1 Introduction

With a view to furthering climate protection and a sustainable reform of energy supply, the European Union has committed itself to ambitious objectives in energy policy. In addition to the expansion of renewable energy, the improvement of energy efficiency will play a fundamental role. The goal is to reduce CO² emissions in the EU at least to 40 per cent of the 1990 level.

The EU Directive on Energy Efficiency came into effect at the end of 2012, which emphasized increasing the energy efficiency of existing housing stock, due to the significant savings potential that exists in this area.

In this sense barriers must be removed, especially in regard to

*"[...]the split of incentives between the owner and the tenant of a building or among owners, with a view to ensuring that these parties are not deterred from making efficiency-improving investments that they would otherwise have made by the fact that they will not individually obtain the full benefits or by the absence of rules for dividing the costs and benefits between them[...]."*²

The implementation of the directive takes place within the framework of the respective national legislation. The legal (and, in particular, the rental law) regulations and procedures implementing energy efficiency measures in the EU Member States differ in some cases considerably. In Germany, there is a controversial, but comparatively clear, set of rules. How such modernizations are to be announced and implemented in a timely manner and how to proceed with regard to the costs borne by owners and tenants is determined largely by statutory provisions and jurisprudence in tenancy law. While some countries are familiar with similar regulations, in other EU Member States, these rules are being implemented differently based on specific legal and procedural traditions. In some countries, there is still uncertainty as to whether separate rental rules are necessary to implement the EU Directive.

² Article 19 (1) a Directive 2012/27/EU of the European Parliament and of the Council of 25 October 2012 on energy efficiency, amending Directives 2009/125/EC and 2010/30/EU and repealing Directives 2004/8/EC and 2006/32/EC, Article 9.

Against this background, this project analyzes the housing market situation in 14 European countries with a focus on energy efficiency and interfaces to tenancy, law as well as public regulations to increase energy efficiency in the rental housing stock. The following 14 countries were considered:

- Denmark
- Germany
- England
- Finland
- Estonia
- France
- Italy
- Latvia
- Netherlands
- Austria
- Poland
- Scotland
- Sweden
- Switzerland (as third country of reference)

Figure 2: Overview of countries under review



Source: RegioKontext GmbH

This selection encompasses both countries which are very different from Germany and countries exhibiting similar legislative provisions as well as court and administrative practice. This approach enables the identification of different regulatory models and elements of best practice.

1.2 Methodology and Sources

From the methodological perspective, this project is based on a synthesis of different approaches. First, secondary literature and own sources of information were used. In this respect, the broad preliminary work undertaken by the project team in the framework of the Tenlaw project (coordinated by the Centre of European Law and Politics at Bremen University (ZERP) under the 7th Framework Programme of the EU³) could be relied upon.

The already existing international network structures could be activated in a further step for this investigation. For this purpose, a questionnaire was developed, with the help of which comprehensive information on the following areas was compiled for the project. It is divided into the following areas:

I. Context

- The current housing situation
- Rentals with a public task – types of rental tenures below market rent
- Housing policies and related policies for energetic renovation and modernisation of the housing stock

II. The legal regulation of energetic modernisation and its practical effects on tenancy contracts

- Short introduction to the national tenancy law system
- The legal regulation of energetic modernisation and its enforcement
- The effect of energetic modernisation on tenancy contracts
- Subsidisation
- Statistic data

The following country reporters were commissioned:

- Dr. Tommi Ralli (Denmark, Finland and Sweden)
- Julia Cornelius (Germany)
- Prof. Peter Sparkes (England and Scotland)
- Mark Jordan (England and Scotland)
- Pille Arjakas (Estonia)
- Prof. Irene Kull (Estonia and Latvia)
- Dr. Fanny Cornette (France)
- Aleksandra Cimbale (Latvia)
- Julia Kolomijceva (Latvia)
- Prof. H.D. Ploeger (Netherlands)
- N.E.T. Nieboer (Netherlands)
- Raimund Hofmann (Austria and Switzerland)
- Dr. Grzegorz Panek (Poland)
- Anna Wehrmüller (Switzerland)

The report structure and contents are mainly based on a qualitative analysis. It was also shown that a uniform query of data and statistics was only possible to a limited extent, since existing data structures often differ significantly in the EU. In addition, the research project with the extensive information from these country reports provided a comprehensive primary source, on the basis of which the comparative research approach could be implemented.

In the final phase of the research project, the expertise of the country reporters was once again applied in order to have central results reviewed from a national perspective.

³ Cf. www.tenlaw.uni-bremen.de

1.3 Structure of the research report

The research report is designed in such a way that the viewpoint from the focus on the national level is extended to a European-comparative perspective.

At first the countries under review are first examined individually and analyzed according to a uniform schema (Chapter 2). Within the framework of **characteristics of the national housing system**, the general framework conditions, the building typologies and the trends in housing policy and supply are discussed. This is followed by a description of the **rental housing market**. Important insights into the **tenancy law** are first shown as a digression in the form of an excursus (a deeper look is taken in chapter 4), and the relevant **actor networks in the rental housing sector** are presented. The country reports conclude with a consideration of **energy efficiency status**.

In the second step, **relevant EU legislation will be reviewed**, in particular with regard to the Energy Efficiency Directive of 25.10.2012 (Chapter 3).

On the basis of this, a **comparative description of the legal regulations on the topic of energy renovation and assessment opportunities** regarding the distribution of costs among users for energy renovation measures (chapter 4) is undertaken.

Finally, the findings of the previous work steps are brought together within the framework of a **characterisation of the countries under review** (Chapter 5). Considering the subareas

- Basic characteristics of the national housing market
- Rental housing markets and their regulation
- Energy efficiency and regulation of energy renovation measures

subgroups are first derived and then an overall characterisation is carried out on this basis.

The aim is to identify similarities and differences in the national legal, economic and social framework conditions and the associated adaptation strategies in the energy rehabilitation of the populations. In particular, the working hypothesis was to investigate whether similar adaptation strategies could be identified if similar parameters (for example, proportion of rented apartments in the total stock) were similar.

2 Country Profiles

2.1 Denmark country profile⁴

Table 1: Basic information Denmark

Indicator	Value
Proportion of rental housing stock	40.9%
Proportion of rental housing stock in the free market	20.3%
Proportion of social housing stock ⁵	20.6%
Population ⁶	5.6 Mil.
Median annual net income per person (EUR) ⁷	27,444

2.1.1 Basic features of the national housing system

Denmark has 5.6 million inhabitants, who live in 2.6 million dwellings. About 1.3 million dwellings are owner occupied (59 percent), and 1.27 million are rented. Rental housing is divided into 516,000 in market rent and 525,000 subsidized dwellings. This means that 464 dwellings are available per 1,000 people.

On average 2.1 persons live in one household and per capita 52 m² are available. Denmark has the highest average available living space in Europe. Overall, over the last decades, the country's total housing stock has reached a high quality standard, with an increasing focus on energy efficiency.

The question of housing supply was found in the predominantly rural Denmark only since industrialisation and the associated growth of the urban population after the First World War. Nevertheless, a generally balanced relationship between supply and demand could be observed until the 1930s due to lively construction activity on the market. The population growth of the 1940s and a turn to a Keynesian economic policy to overcome the consequences of the war formed the basis for government-wide intervention and extensive housing construction programs. They were initially focused on the supply of poorer strata and were stimulated by government-subsidized interest rates on construction financing.

From the 1960s onwards, the residential districts, mainly in larger cities and in the Copenhagen metropolitan area, were designed to improve the housing situation of broad areas. Since the late 1980s, extensive inventory improvement programs have been developed for certain urban areas with older buildings and for major new settlements, which have been designed to promote social integration in the face of an impending loss of attractiveness.

⁴ Principle data sources for Denmark:

- Danish Energy Agency (2012).
- Donner, C. (2000).
- Donner, C. (2011).
- Juul-Sandberg, J. (2014).
- Ministry of the Interior and Kingdom Relations (2010).
- Ralli, T. (2014a).

⁵ The term "social housing" refers here and in the following to all dwellings for which occupancy and rent price are regulated.

⁶ All population figures are shown as of 1 January 2014 and are based on data from Eurostat (demo_gind), unless otherwise stated.

⁷ The data on median annual net income per person refer to the year 2013. The data are from Eurostat (SILC, variable: ilc_di03).

Even today, the housing market is regarded as more balanced at the national level and housing policy is treated as a social question. Accordingly, the responsibility for housing (and urban development) has been transferred from an independent ministry in 2004 to the Ministry of Social Affairs. Increasingly, however, the Copenhagen region and some larger cities are characterized by a strong demand for property and rented housing with high equipment quality and good location as well as cost-effective and often smaller housing.

Both home ownership and the construction of social housing and general building modernisation have been promoted over the past decades by grants and tax incentives. While public support has been reduced overall in view of the overall balanced market, certain housing offers (starter homes, families with children, special needs groups such as disabled and elderly people) are still being promoted. In addition to the permanently price-regulated housing in the private and social housing sector, where access is in principle not linked to income, low-income households have housing subsidies. They are mainly employed in the low-wage sector and old-age pensioners, which means that the unemployed are often dependent on favourable segments of the private rental market.

In the case of an extensive market orientation of the housing system, the parliament and the government as well as owner and tenant associations set the framework for the development and structure of the housing system. Within a legislative framework, the municipalities also have a significant influence on housing issues, e.g. when they have the right to plan and manage local financing decisions on the construction and location of social housing. Of particular importance in this respect are the consumer protection regulations, which also do not allow deviations from state regulations for private letting.

2.1.2 Typology of rental buildings

Of the total housing stock, approximately 1.4 million—thus over half—are located in single-family or two-family houses and 1.1 Million are located in multi-family houses. In addition to the large number of small residential buildings with single-family and row houses, older, mostly stable residential blocks of different typology as well as apartments of subsidized housing construction after the 1960s represent the largest existing groups.

2.1.3 Trends in housing policy and supply

For the future, demand is expected to grow, particularly as a result of changes in lifestyles and the development of household types. The early establishment of own households by young people, the increasing number of single-person households and the increasing need for age-appropriate housing are used as grounds for the fact that the quantitative housing needs are decoupled from population development.

2.1.4 Rental markets

The relationship between home ownership and rent has shifted in Denmark to the detriment of ownership in spite of the specific promotion of ownership in the past decades. About 1.04 million dwellings are rented, equivalent to 41 per cent of all dwellings in Denmark. In view of the increase in housing provided by non-profit suppliers since the 1980s, the share of owner-occupied housing has declined slightly, although tenant purchase options exist. The share of private leasing has halved in the same period, as investors were unable to achieve attractive returns over long periods. Only in recent years has there been a slight increase in private rented apartments, especially in the upper market segment and in good locations.

The basis of the rental system is a regulation according to which the construction, ancillary and operational costs, and the legally permissible rent are compared; the so-called equilibrium rent, which is a form of cost rent. It is determined on building level, not for building groups or settlements. In a modified form, these rents, which are binding in principle for both non-profit housing as well as for private landlords, apply to all dwellings completed

until the 1990s. These still account for about 80 percent of private rented dwellings. In the meantime, the permissible profit margins of the owners were increased and the eligible operating costs increased in order to secure the maintenance status of private rental properties. Whereas a modified form of equilibrium rent continues to apply to non-profit rented housing, rents of private rented dwellings are freely negotiable since 1991.

Apart from the equilibrium rent at the time of the construction, which is based on the production costs, neither the location-related comparison rents nor the special maximum rents are applicable to the flats of non-profit housing estates. As far as dwellings with public subsidies are concerned, a further peculiarity of the rental system is that after the repayment of the mortgage loans required for the construction, the most recent rent is still paid and the resulting surplus is partly transferred to local maintenance funds and partly to a government housing fund to further new promotion.

Democratic co-determination in the operation of a total of 700 non-profit housing enterprises in 7,500 housing areas plays a special role in the stabilization of this regularly low-cost residential housing with a sometimes vulnerable housing population. Tenants have been represented in the administrative boards since 1967 and have been the majority of the administrative boards since the 1980s. Thus, they determine the needs of the house and the company and can, for example, give their vote on maintenance investments and modernization, but also on the allocation of housing (within the framework of the legal prohibition of discrimination).

Renting a dwelling is socially standard and recognized and is generally not associated with a bad reputation. An exception to this rule is some of the housing stock rented out to socially disadvantaged tenants. Particularly larger settlements are often attributed a negative social status—despite and after extensive renovations. Also of mention here is the one-sided occupancy of 'slums', whereby the building type and the location play a role.

2.1.5 Excursus on national tenancy law

The private rental housing sector is governed by the most stringent provisions of the rental law ("Lejeloven" law) and the housing regulation ("Boligre-guleringsloven" regulation). The social housing legislation is relevant for the non-profit sector. The Danish rental system is characterized by a rental regulation for almost all rental properties in the private and non-profit sector established before 1991. Depending on the type of property and the year of construction, different regulations apply, such as the cost rent for residential buildings with more than 6 units built between 1975 and 1991 in larger municipalities. The rent for objects built after the amendment of the law in 1991 is generally subject to the free agreement between landlord and tenant. Denmark is characterized by a very high level of legal protection in terms of tenancy, that is, a high level of security of tenure.

2.1.6 Networks of actors active in rental housing

Traditionally, both tenants and landlords are well organized in Denmark. The respective organizations advise their members, provide support in legal and procedural questions, and play an important and detailed role in the negotiation of rental, housing and financial issues both with each other and with public authorities. While owners' associations are more likely to act as lobbying groups toward politicians and the general public, the tenants' organizations are, on the one hand, linked to tenant participation (object-based and lobbying) in a similar way to the trade union, and, on the other hand, offer various services to the tenants (including the interests of the national political and administrative context).

2.1.7 Energetic efficiency: basic features and trends

Since 1990, Denmark has been undertaking intensive efforts to increase energy efficiency, which also extends to the housing sector. National primary energy consumption decreased by more than 26 percent between 1990 and 2010. In the field of budgets, a comprehensive strategy for increasing the energy efficiency of all buildings was

published in 2013, which is expected to lead to a reduction of primary energy consumption in the residential area by about 12 percent (26 percent for heating and hot water) in the future. By the year 2050, the housing stock would in principle be operated in a climatic manner. The government envisages that all buildings should be as uniform as possible, taking into account the cost-effectiveness of measures.

2.2 Germany country profile⁸

Table 2: Basic information Germany

Indicator	Value
Proportion of rental housing stock	55%
Proportion of rental housing stock in the free market	51%
Proportion of social housing stock	4%
Population	80.8 Mil.
Median annual net income per person (EUR)	19,600

2.2.1 Basic features of the national housing system

In Germany, some 80.8 million people live in around 41 million dwellings. About 55 percent of the households are in rental tenure, while social housing accounts for about 4 percent of the total housing stock. Between 2003 and 2011, Germany's population was slightly down on the whole, but since then the population has risen again—due in large part to considerable immigration in recent refugee movements. There are significant regional differences between growth and shrinkage regions in population development. As a result of decreasing average household size, the number of households and thus the housing requirement is expected to rise steadily until 2025. In 2014, 245,000 new dwellings were built. On average, around 512 dwellings are available for 1,000 people.

On average, about 43m² of living space per capita is given for 2013, which is a significant increase compared to 1990 with 36 m² in the former West Germany and 27 m² in the former East Germany and places Germany in the top group in Europe. Differences in the available per capita living space exist both along regional subdivisions as well as between the socioeconomic milieus. For the near future, a general further increase in average living space is expected to reach 47 m² for 2030.⁹ Owner-occupied dwellings have a significantly higher average living space than rental dwellings. The basic equipment (heating, running water) in German dwellings can generally be described as very good, even if a large part of the heating systems are outdated and inefficient in energy. There are no known differences between owner-occupied and rented dwellings in this regard.

The reconstruction and new construction of living space was one of the greatest challenges of the post-war period in Germany. In West Germany, the housing shortfall was reacted to with massive social and rented housing construction as well as the support of home ownership. In addition to the federal states, the federal republic also

⁸ Principle data sources for Germany:

- Bundesministerium für Verkehr, Bau und Stadtentwicklung (2013).
- Bundesinstitut für Bau-, Stadt- und Raumforschung (2013).
- Cornelius, J.; Joanna, R. (2014).
- Deutscher Verband f. Wohnungswesen (2008).
- RegioKontext GmbH/Plan und Praxis (2011).
- RegioKontext GmbH (2013).
- Statistische Ämter des Bundes und der Länder (2011).
- Statistisches Bundesamt (2015).

⁹ Bundesinstitut für Bau-, Stadt- und Raumforschung (2015).

played a key role in this area, supporting reconstruction through tax legislation, grants for social housing, as well as favorable loans from the public sector (e.g. via the state-owned Kreditbank für Wiederaufbau (KfW)). Later, financing was supplemented by pro rata capital market funds and tax privileges on the equity side.

In East Germany, housing policy was centrally planned and implemented. Existing living space was nationalized, according to the socialist model, particularly favouring from the 1960s onwards the very homogeneous and usually low-quality prefabricated high-rise building settlements, which are today the most difficult refurbishments.

Since the 1980s, and especially after reunification in 1990, a step-by-step reorientation of housing policy has taken place. An important step in the 1980s was the abolition of non-profit status for housing companies. Especially in the new states, the entire public housing area was either communalized or privatized. The old federal republic also experienced a privatization wave, largely in favour of private housing companies. Tenant privatization played only a subordinate role. The social housing stock declined due to the expiration of the deadline for new housing. As a result of intergovernmental migration from the new federal states, demographic change has led to increased vacancy rates and a publicly supported demolition, particularly in the East German settlements.

The promotion of low-income households is now based on a mixed system. There are grants in the form of housing allowances within the framework of the subject-based support. In addition, the costs of adequate accommodation of needy households are taken over by the basic insurance (unemployment benefit II and social assistance). In addition, the federal states, which have been responsible for housing promotion since the federalism reform in 2006, are continuing to promote owner occupation and rented social housing (new construction, modernization of existing buildings, and sometimes purchase of occupational rights) and the acquisition of residential property. Subject-related housing subsidies (such as accommodation costs and housing allowances) currently surpass several times over the EUR 17 billion of object-related subsidies co-financed by the federal republic and the federal states.¹⁰

Even after the transfer of legislative competence for the area of social housing to the federal states, the federal republic is nevertheless still involved in climate and energy efficiency policy, regional planning, urban promotion (social city, urban redevelopment East / West, urban conservation protection, etc.–mainly via the KfW CO2 Building Refurbishment Program), as well as exerting housing policy through rental and tax legislation. However, residential real estate is acquired and administered in part at the municipal level. Moreover, the acquisition and allocation of occupational rights for social housing is one of the tasks of municipalities if they are entrusted by the states.

2.2.2 Typology of rental buildings

A small majority (54 percent) of the dwellings in Germany are located in multi-family houses. Single-family houses account for about 30 percent of all housing, whereas about 16 percent of German households live in a two-family house.

Every fourth residential building was built in the period before 1948. Over 40 per cent of all dwellings were built in the first three decades after the foundation of the two German states (1949-1978). Approximately every fifth household in Germany lives in a house built after reunification. The average age of owner-occupied dwellings is about 2.5 years less than that of rented dwellings (53.3 years) with 50.8 years.

¹⁰ Sources:

- Bundesministerium für Verkehr, Bau und Stadtentwicklung (2013).
- RegioKontext GmbH/Plan und Praxis (2011).

The cities are largely characterized by multi-storey residential buildings, while on the outskirts and in the countryside single and two-storey buildings with few dwellings dominate. Large new settlements of the 1960s with residential buildings are mostly located in the peripheral locations of the larger cities.

2.2.3 Trends in housing policy and supply

Traditionally, the majority of housing in Germany is characterized by private actors. The group of smaller private owners is the largest landlord group. In addition, private housing companies are increasingly active in the market. About 10 percent of the rented housing stock is owned by housing cooperatives. Municipal housing companies that are oriented towards the common good are often found. The resilience of the housing market is based on financial crises on the one hand, and the relative stability against economic external influences on the other.

As the BMVBS commissioner's report from 2011 on the continuation of the compensatory measures shows, the cash value of the housing promotion of the federal states increased until 2010 after the Federalism reform in 2006. Around 50 percent of the subsidized funds were accounted for by rented dwellings and by property measures. Approximately 70 percent benefited from the new promotion.¹¹ Since 2010 the picture has changed. On average over the years 2010-2013, 61.2% of subsidized housing was rented dwellings. Almost three-quarters the cash value of the promotion scheme was now used on new construction.¹² More and more new approaches by the federal state have become increasingly apparent in the promotion of housing subsidies—especially in the face of the growing urban housing markets and the steady decline in the number of fixed housing stocks. Nonetheless, the level of new dwellings in social housing is comparatively low.

Overall, regional discrepancies in the distribution of supply and demand are increasing. Current projections estimate the annual new housing requirement to be 272,000 additionally required dwellings per year by the year 2020—although without taking into account the persisting refugee flow.¹³ At the same time, rural areas and even larger municipalities are still struggling with high housing leeway, particularly in the new federal states.

2.2.4 Rental markets

Around every second household in Germany rents their home. The rental housing market in 2011 included 21.2 million dwellings.

By far the largest proportion of rented dwellings (92 percent) are rented at a market-oriented rent. Owners of these rented dwellings are often private individual landlords (65.5 percent, including owner-owned joint ventures). In addition, approximately 2 million rental dwellings are leased by one of the approximately 2,000 housing cooperatives to their members at a market-oriented rent (9.3 percent). Also, housing companies in municipal and private companies rent a large part of their dwellings at a market-oriented rent.

Social housing is subsidized. In return, the owners undertake to impose time-limited access restrictions for occupancy and a rental price commitment, between 12 and 40 years. After the bonds have expired, the dwellings can gradually be adapted to the standard comparison rent. This promotion is not limited to certain groups of landlords. At the end of 2010, there were about 1.66 million social dwellings in Germany owned by private and public housing associations, housing cooperatives and private landlords. Each year, this stock declines by approximately 60,000 units due to expiring occupancy rights, whereas in the last decade only about 10,000 new items have been added.

¹¹ RegioKontext GmbH/Plan und Praxis (2011), p. 9.

¹² Bundesministerium für Umwelt, Naturschutz, Bau und Reaktorsicherheit (2014).

¹³ Bundesinstitut für Bau-, Stadt, und Raumforschung (2013).

The proportion of owner occupation has steadily increased over recent years. There are clear regional differences. In urban regions, ownership is significantly less than 20%, while ownership is much higher in rural areas. In recent years, there has also been a trend towards the purchase of owner-occupied apartments, which are used as capital investments in the context of pension provision.

According to surveys, owner occupation is the most popular form of housing in Germany. Nevertheless, rented housing is socially recognized and is perceived as a good alternative to property ownership in the face of individualized household structures. Without question, this is supported by the social tenancy law with its protective functions for the tenant. Renting is also accepted in Germany as a living model, especially since the tenant can be terminated only under very narrow conditions and thus a once found rental housing situation is regarded as being secure.

On average, households spend about 27 percent of their income on net rental.¹⁴ In households affected by poverty and households with non-wage-earning members, the proportion is significantly higher (38% and 35% respectively). Rents and leasing costs have risen by about 1.3 percent per year since 2002, as did the general consumer price index. However, rent prices and rent price developments are strongly dependent on the respective location of the dwelling and are much higher in urban areas than in less populated areas.

2.2.5 Excursus on national tenancy law

The private rental housing sector is governed by the provisions on social tenancy law in the Civil Code (§§ 535 ff. BGB). There is also the sector of publicly funded housing construction, which is subject to the Federal Housing Reform Act and has been regulated since 2001, insofar as the federal states have not issued their own residential development promotion laws after the federalism reform in 2006.¹⁵ In addition to the support of low-income families in the acquisition of residential property, social housing development is also promoted in most of the federal states. In the case of subsidized dwellings, the landlord is obliged to observe certain rental periods and rental limits, and tenants must prove their necessity by means of a housing permit ("Wohnungsberechtigungsschein"). Rents for detached dwellings are generally free to agreement by the parties; since mid-2015, the so-called "rent brake" has been limited to areas where the supply of housing is at risk, which means that the local comparison rents for new letting cannot be exceeded by more than 10 per cent. In many cases, the usual comparison rents are shown in statistical surveys ("rent mirrors"). The areas in which the rent brake applies are determined by the federal states. However, there are exceptions to the rent brake for newly built dwellings and modernized dwellings. Termination for the purpose of rent increases is excluded. However, the landlord has a right to increase the rent up to the standard rental rent. Overall, Germany is characterized by a high degree of security of tenure.

2.2.6 Networks of actors active in rental housing

Germany has an established network landscape in housing, in which private and public actors articulate their interests and at the same time develop joint strategies. The tenants' associations, as well as the associations of public housing and for-profit housing companies and the private tenants, actively participate in housing policy discussions and, despite opposing interests, are knowledgeable partners in politics. Tenant and landlord organizations are increasingly also service providers for their members in the field of legal counselling and the provision of information and strategies.

¹⁴ Cf. foremost Statistisches Bundesamt (2015).

¹⁵ Wohnraumförderungsgesetz of September 13, 2001 (BGBl. I p. 2376), as last amended by Article 3 of the Act of October 2, 2015 (BGBl. I p. 1610).

2.2.7 Energetic efficiency: basic features and trends

After the so-called "Energy Crisis" of the 1970s, an energy discourse began in the old federal republic, which contributed to savings and efficiency measures in the fields of insulation and system control as well as alternative forms of energy supply. In addition, with the provisions of the Heating Cost Ordinance, consumption-dependent billing for heat and hot water in centrally-supplied buildings with several apartments was mandatory. Consumption-dependent billing is a major factor in the change in consumption behaviour. For new buildings, the requirements for the energy standard and specific requirements for the use of renewable energies for the heat supply apply. If the owner of an existing building carries out certain renovation measures or additions or expansions, these must be carried out in a certain level of energy efficiency. In addition, there are a few so-called unconditional retrofit obligations to increase the efficiency of existing buildings.

The overall energy efficiency gain was 24 percent between 1991 and 2010, which corresponds to an annual change of 1.2 percent. Compared to initial successes before 2000, the development has now slowed somewhat and is below the EU average.¹⁶

There are a large number of promotional offers in the area of building-related energy efficiency, which includes both new construction and renovation measures. As a general rule, these offers are financed from the federal funds and funds of the KfW bank. The state funding banks and some municipalities also have their own funding programs.

2.3 England country profile¹⁷

Table 3: Basic information England

Indicator	Value
Proportion of rental housing stock	34.8%
Proportion of rental housing stock in the free market	18.1%
Proportion of social housing stock	16.7%
Population ¹⁸	54.3 Mil.
Median annual net income per person (EUR) ¹⁹	18,694

2.3.1 Basic features of the national housing system

In England²⁰ some 54.3 million people live in 23 million dwellings²¹, with the country since the beginning of the twentieth century recording a steady, although relatively minor increase in population. Of the approximately 23

¹⁶ Fraunhofer Institut für System und Innovationsforschung (2012).

¹⁷ Principle data sources for England:

- Elsinga, M.; Stephens, M.; Knorr-Siedow, T. (2014).
- Orji, P., Sparkes, P. (2014).
- Jordan, M. (2014a).
- Wilson, W. (2014).
- Office for National Statistics (2013).

¹⁸ The population of England is based on data from the Office for National Statistics (Mid 2014 Population Estimates).

¹⁹ This value applies to the whole of Great Britain and not only to England.

²⁰ The housing system of the United Kingdom comprises the countries of England and Wales, while Scotland is treated as its own entity under the crown, as is generally also Northern Ireland. This section focuses on housing in England.

million dwellings, 14.8 million are private (65 per cent); 4.1 million (18 percent) are rented privately and 3.8 million (17 percent) according to social principles.

The statistics show an average dwelling size of 84 m², which corresponds to about 35 m² per occupant. The majority of dwellings in England have four or more rooms, about 75 per cent of owner-occupied dwellings having four or more rooms, while the share of social rented dwellings is 65 per cent and only 55 per cent for private rental properties having the same. The vacancy rate is slightly more than three per cent of the total housing stock.

English housing has been shaped by several policy changes over the past decades. Despite the 90 per cent of all households that lived in private rented dwellings in 1919, this form of housing later lost its importance, and at the present time it is desired and promoted politically. From the 1920s to the 1960s, the municipalities played the dominant role as owners of rented dwellings in the centrally controlled housing policy. Since the 1950s, owner-occupancy construction by private housing companies with the support of a strong building society continued to gain in importance.

Since the 1960s, especially in the context of city renewal, social housing has been built with a high density in all major cities, which almost came to a standstill after the conservative turn of the 1970s. The often bad reputation and deficiencies in the management of the majority of municipal social dwellings then led to the turnaround towards the privatization and market orientation of housing in the Thatcher era. The main instruments of this policy were the reduction of municipal stocks by the establishment of mostly non-profit social housing associations (housing associations) and the introduction of purchase options for tenants (right to buy). The resulting residualization of the remaining municipal and social housing stock has contributed to the worsening of social space problems. In view of the preference for home ownership in politics, banks and savings banks, as well as in the construction sector, the dominance of this sector in English housing is still unchallenged.

Only in the face of scarce public funds and as a result of the economic crisis has it been attempted to stimulate private investment for the construction of rented housing, this approach arising since the conservative government takeover in 2010. The aim is to secure a share of low-cost housing for certain groups of users (so-called key workers/employees with a high social significance such as the police, health services) by facilitating land provision and target group-specific funding. In many cases, the gradual transition of these dwellings into later residential property is programmed.

Irrespective of owner-occupancy or rental tenure, there is a situation-dependent and income-dependent entitlement to housing allowance. Their amount differs due to different calculation formulas for private tenancy and social housing conditions (housing associations and municipalities).

2.3.2 Typology of rental buildings

Housing stock in wide areas of the country is characterized by terraced houses (28 per cent) and two-family houses (26 per cent). 25 per cent are individual single-family houses, while 20 per cent of the housing stock is accounted for by apartment buildings, although these are located outside the large cities, mainly in low buildings. Residential buildings and residential blocks were built mainly between the 1950s and 1970s as part of the urban renewal, and then again in recent years in the growth regions. These new buildings dominate buildings of medium height (up to 8 storeys), which are often built in commercial districts.

Building typology and building age are clearly reflected in the tenure type. Social housing is found to a large extent in multi-storey buildings, in particular as condominiums (48 per cent), although the share of high-rise apart-

²¹ Statistical basis is the term 'dwelling', which is best translated as 'Wohneinheit', but is not identical with the number of buildings. It is not recorded reliably in England.

ments in this sector is particularly large after the demolition of the last decades (9 per cent of all housing units). In contrast, only 9 per cent of all property projects are located in residential apartments, while 64 per cent are in one- and two-family houses, and 27 per cent in terraced houses.

Owner occupation and rental tenures continue to have distinctly different images, although in recent years and in view of stricter laws on the quality assurance of rented housing stock, a significant change has been made in favour of tenants, especially of social housing. In 2012, 22 per cent of the housing was characterized as deficient. The share of qualitatively insufficient housing was greatest in the older privately leased housing and the lowest in social housing. The share of rented housing in socio-economically disadvantaged neighbourhoods is the highest in municipal housing (over 50 per cent) and in social housing (about 40 per cent), while it is roughly the average for private rented housing and the lowest in home ownership at around 12 per cent.

2.3.3 Trends in housing policy and supply

Today's housing need is determined not only to the rising population but also to the increasing life expectancy and the reduction in households. While mainly the London metropolitan area and the south were characterized by a significant increase in population, other agglomerations and parts of rural areas are now catching up. In general, a demand of far more than two million new dwellings is estimated. This was most clearly seen in the London market, but now in all agglomerations, in high prices and rents.

Since the beginning of the millennium, a comprehensive new construction and modernization initiative has been called for by a broad coalition of government and opposition, construction workers, tenant organizations and the lobby of the housing owners, particularly under the pressure of growing demand and the low level of new construction and modernization. The government and the opposition propagate the goal of building 240,000 new homes each year, 70,000 of which must be affordable and particularly in social housing. However, due to the financial crisis starting in 2007, this social housing construction did not start to the desired extent. High construction costs, lack of or difficult to develop landfills, together with cumbersome licensing practices are cited as obstacles to implementation, although in the last few years residential construction activity has grown significantly in the southern and central parts of the country.

2.3.4 Rental markets

The rental housing market with a total stock of about 8 million dwellings is divided into 4.1 million private and 3.8 million units rented according to social principles. The number of social dwellings is currently two million lower than before the start of privatization in the 1980s. Among the non-profit lessors (mostly housing associations), social housing companies (2 million) outnumbered municipalities (1.8 million).

A differentiation of the stock according to age shows the largest proportion of rented housing in older buildings (about 60 percent before 1964). Private landlords own the significantly older buildings (almost 50 percent before 1944), but this group currently has the largest increase in new buildings.

Until 1980, the regulation of leasing throughout the United Kingdom was characterized by different rules for private and public non-profit landlords. The Housing Act of 1980, on the other hand, laid down a barely limited freedom of contract for private leases, according to which the rental rate and terms of the leasing contract can only be checked in a limited manner in court. Since then, so-called 'assured shorthold tenancies', which have a guaranteed rental period of only 6-12 months, are customary. For housing associations and condominiums, rental rates and rates of increase are fixed, usually according to a 'national rent formula' and the rental price index. These were introduced to achieve comparable rents within and between different holdings and communities. In fact, a system similar to the usual comparison rent has been legitimized by jurisprudence and administrative regulation.

The renting of substandard dwellings is a criminal offense. Tenant organizations demand the exclusion of so-called retaliatory evictions. They are particularly common among the assured shorthold tenancies to interrupt chain rental contracts because lease increases are most likely to be possible on new leases.

Rents in England are on average rising faster than income and inflation. Forecasts indicate a rent price increase by 20 percent between 2010 and 2015. While residential owners spend only 19 percent of their income on housing expenses (in particular mortgage redemption, incidental costs), the number for tenants of social housing is around 30 percent. In the private leasing sector, this figure rises to an average of 40 percent of gross income.

The social image of different residential tenures correlates strongly with the image of social or economic groups. Thus, accessing owner-occupied housing is associated with a financially secure situation, while social opinion and the media associate a high local density of social housing with problematic social conditions. Private rental agreements are between these two groups. The inhabitants often have enough income to avoid social housing. On the other hand, however, it would not allow their financial situation to include a building loan or to otherwise access owner occupied housing. Due to the widespread lack of social housing, a non-negligible group of the population is dependent on the free rental housing market, although it would be entitled to a social housing.

2.3.5 Excursus on national tenancy law

The English leasing system is characterized by the distinction between leasing by private providers to market leases and leasing by private or non-profit providers at rental prices below the market level. Depending on the provider, different types of leases dominate. In the case of letting by private providers to market rents, the aforementioned assured shorthold tenancies with a usual maturity of six months to one year are predominant. Landlords of social dwellings usually award assured tenancy agreements ("assured tenancies"), which ensure a permanent protection of the tenants' property. These contracts may only be terminated by the tenant or by the landlord for special reasons (typically rent arrears or 'antisocial behaviour') pursuant to a court order. Rental amounts and increases can be agreed. Overall, England is characterized by a low degree of security of tenure.

2.3.6 Networks of actors active in rental housing

English housing is characterized by a widespread division of the tenants' side (e.g. SHELTER, TAROE - Tenants and Residents Organization of England - and many regional and local groups) and owners side (National Landlords Association), as well as a strong economic concentration in the construction and financing sector. Since the Conservatives' takeover of the government, many innovative approaches to the balance of interests and communication between the various groups of actors have been abolished, for example the activities of the Housing Corporation with its comprehensive information on governance and good management in the social housing stock. Dialogue on housing policy, initiated by the government, takes place under the influence of central government rather as an opt-out. At the same time, renowned foundations (Building and Social Housing Foundation, J. Rowntree Foundation) are active as intermediary actors, focusing on the integration of topics such as building, housing, social policy and climate protection.

2.3.7 Energetic efficiency: basic features and trends

Housing-related total energy consumption has declined by about 23 per cent between 1990 and 2010, with the greatest savings in the early 1990s. While savings in building heating continue to be noted, other efficiency gains were neutralized by housing increases. However, since about 2005, a general improvement has been observed by increasing heat insulation.

The British government has set ambitious energy efficiency targets for the housing stock with the 'Green Deal.' By 2017, emissions are to be reduced by 29 percent, by 35 percent by 2022, and by 50 percent by 2027, a reduc-

tion of 24 percent and 39 percent respectively compared to 2009. In contrast stands the often poor energy status of today's older building stock, for which improvement was first initiated after some twenty years. Electric heating systems and single-glazing are still a standard feature, although the official efficiency assessment procedure (Standard Assessment Procedure–SAP) has already seen a significant increase in quality since 1996, mainly in the social and municipal sectors.

Energy efficiency measures in existing buildings and new buildings and redevelopment are funded as part of the Green Deal. Provided that the net saving is retained by the tenant, the energy-related costs of the construction project are pre-paid from public funds and then paid by the (usually new) tenants. This regulation was introduced in 2012 for residential properties. Tenants, however, have no enforceable claim that the calculated net profit is actually realized. In the case of new buildings, increasingly stringent requirements for energy efficiency will apply in the coming years. A zero-energy concept for new buildings has meanwhile been set aside in favour of a low-threshold approach.

Compliance with minimum energy efficiency standards in accordance with the provisions of the Energy Bill is an enforceable element of tenant law as from 2016. Consistent with the general rule on sub-standard leases, criminal penalties can apply.

2.4 Estonia country profile²²

Table 4: Basic information Estonia

Indicator	Value
Proportion of rental housing stock	9.0%
Proportion of rental housing stock in the free market	7.3%
Proportion of social housing stock	1.7%
Population	1.32 Mil.
Median annual net income per person (EUR)	6,579

2.4.1 Basic features of the national housing system

About 1.32 million inhabitants live in 658,000 residential units. The share of rental housing is only 9 percent, which is the lowest in the countries under review. About 22 percent of the rented dwellings are part of the social housing stock. While Estonia's population has been declining steadily since 1991 as a result of emigration and a natural decline in population, the number of dwellings has increased by 5.2 per cent since 2000. On average, there are about 500 dwellings per 1,000 inhabitants. Despite the declining population, the number of households continues to grow.

The average living space available per capita has been rising for years, absolutely by new construction and relatively by population decline. It currently stands at 30.5 m² (+ 24% since 1990), which is slightly below the Europe-

²² Principle data sources for Estonia:

- Arjakas, P.; Hussar, A.; Kull, I. (2014).
- Estonian Housing Development Plan 2008-2013. (o.J.).
- Kährnik, Kõre, et al (2003).
- Hussar, A. (2014).
- National Development Plan of the Energy Sector until 2020. (o.J.).
- Statistics Estonia (<http://www.stat.ee/en>).
- Tallin Technical University (2012).

an average. Rented dwellings have on average a much lower standard of equipment and a lower rate of renovation compared to owner-occupied dwellings, with lower standards also in rural regions than in cities. In only 57 per cent of all rented dwellings, the bathroom and shower are available for 84 per cent of owner-occupied dwellings. Only in the capital Tallinn has the state of rental housing improved as a result of (credit-based) support programs, which are rarely in demand in rural regions for income reasons.

The housing situation is decisively influenced by the Soviets (1940-1991). During this period, the entire housing policy was managed centrally, with the primary objective of providing everyone with housing while the quality of the housing supply was left to the future. Instead of social needs, the access to housing was often determined based on political orientation. Most of the Russian immigrants were given new housing. After more than half of the housing stock was destroyed during the Second World War, around 13,000 new dwellings were built annually between 1960 and 1990, mainly in urban areas, in the context of large-scale government projects. Private residential property was tolerated but was difficult to realize without financial support and limited access to building materials. Approximately one fifth of the population lived in 1989 in owner-occupied dwellings.

With the independence of Estonia in 1991, a radical change in housing policy began. Privatization, restitution and market liberal reforms led to a rapid reduction in public housing. Legal uncertainty, financing difficulties and the ongoing stock privatization led to the fact that the number of new buildings decreased to less than 1,000 new buildings per year by the end of the 1990s.

The Estonian government has been trying to support the construction of communal housing since 2003, but this has been effectively stopped at the national level since the beginning of the global financial crisis in 2007, due to a lack of political will and financial resources. Following a market-liberal housing policy, the Estonian state provides a legal framework which predominantly allows its citizens to purchase their own home and therefore largely forgoes regulatory interventions in the housing market. In both new housing and renovation policies, national housing policy is aimed more at households with middle to higher incomes.

The housing supply for low-income persons is located at the local level. Within this framework, municipalities operate and finance housing subsidies to a small extent. The capital city of Tallinn stands out with its municipal housing policy and has created almost 2,000 dwellings for the most needy as well as families within the scope of two construction projects. It is involved in a public-private partnership project for municipal housing provision.

2.4.2 Typology of rental buildings

Housing is located in about two-thirds of the cases in residential blocks and almost one third in single-family homes, which are concentrated in suburban and rural areas. Rental properties, on the other hand, are located in almost all cases in multi-family dwellings or residential blocks (95 percent), most of which come from the Soviet Union.

The majority of the Estonian housing stock comes from the period between 1946 and 1991 (66 per cent). Most of these dwellings are prefabricated buildings in housing complexes. The dwellings in such complexes are often neglected, but the apartments usually have full facilities. Older pre-war dwellings are found almost exclusively in the larger cities, sometimes in bad condition and with poor equipment, while many older wooden houses are still to be found in the country. Only 15 percent of the buildings were built in the post-Soviet era. They were constructed sometimes at a higher level of quality than owner occupied dwellings, in conformance with Scandinavian or EU norms.

2.4.3 Trends in housing policy and supply

The housing market has now been characterized by a migration to Western Europe, North America and Australia, and the demographic change is shown in a housing surplus of 14 percent. This housing surplus is much stronger

in rural areas than in urban areas. At the same time, there is a lack of adequate housing, especially in Tallinn and Tartu, which in turn is a result of misappropriation and, on the other, the partial disproportion between household size and housing size, especially among the elderly. Particularly for young families, it is more difficult to acquire suitable accommodation.

Demand for rented dwellings is slowly picking up as a result of the economic crisis and demographic change. Conservative estimates of the need for social housing are based on 6,000 missing housing units. The city of Tallinn plans to increase the share of municipal housing in the total housing market to 7.5 percent (currently 2 percent) by 2027 and thus also to counter social space polarization. However, private rental housing construction is considered unprofitable and is therefore marginal. Companies often rent out their houses as an emergency solution because they saw no demand for property as a result of the economic crisis. Since 2010 the demand for new, high-quality living space has increased again.

2.4.4 Rental markets

According to the statistics, rented housing is currently only around 9 percent of the inhabited housing stock. However, a significant share of informally leased condominiums is presumed, so that the share of the private rental housing sector is estimated to be around 15 percent.

The Estonian rental housing market can be divided into three segments:

- Less than 2 percent of the housing is in the hands of municipalities. After the period of privatization in the 1990s, the share of these apartments has halved again since 2000.
- Non-profit cooperatives exist to a marginal extent.
- About 7 percent of all dwellings are privately rented. This figure is also officially declining (2000: 11 percent). However, because of the informal private lettings, the proportion of all leased dwellings is considered to be relatively constant.

The informal housing market is based on demographic change—i.e. inheritance—and emigration, which make housing available in private ownership. This makes for informal letting of dwellings, which is particularly interesting for low-income households. Without formal leases, however, legal certainty for both parties is also dispensed with, leading to increased uncertainty in the entire rental housing market. The main reason for the informal leasing is the avoidance of tax payments.

Rental tenure is not highly regarded in Estonia. Traditionally, owner occupancy is appreciated because it is viewed as a permanent investment to secure personal living conditions and as an element of social security. Rental contracts are often not long-term, which leads to uncertainty in the rents and prevents the dwelling from being perceived as 'home'. Landlords fear that the tenancy law strengthens the tenant's rights more than the owner's and that their house is damaged by improper use.

While students and young couples are regarded as a traditional tenant group, which cannot or will not be able to afford to own a home, the more experienced professionals are striving to become a new group of tenants in the larger cities. In the course of the economic crisis, as a result of many foreign currency loans showed that residential property ownership can also be a risky investment, rental tenure has become more and more attractive.

Until the beginning of the financial crisis in 2007, real estate prices rose significantly more than rent prices. In the course of the crisis, the demand for residential property declined while the rent level remained the same. Property owners increased their real estate portfolio, as the purchase prices fell rapidly during this period. Rents have risen moderately since 2010, and by 2013 supply and demand had risen again.

2.4.5 Excursus on national tenancy law

Private housing leases are regulated in Estonia in the Law on contractual obligations (Part 3, Chapter 15, Art. 271ff.). The rent amount is agreed freely between landlord and tenant. Rent increases are only subject to a substantive limit where they are disproportionately high. Generally, temporary tenancy agreements are concluded with a duration of one year. Overall, Estonia is characterized by a low degree of security of tenure.

2.4.6 Networks of actors active in rental housing

While the actors in the area of owner-occupied tenure are well organized and politically influential, the area of rental tenure is less organized. Tenant organizations are often associated with social initiatives to ensure homelessness. In addition, there is a national tenant organization which, in dialogue with the government and municipalities, tries to counteract the residualization of the rental sector. In particular, the new mobile tenants from the middle class have a certain sectoral market power.

2.4.7 Energetic efficiency: basic features and trends

Estonian total energy consumption has declined by more than half since 1994, mainly due to the declines in industrial production and the population. In the housing sector, energy consumption fell by 27 percent between 1996 and 2010, with the data based on estimates due to lack of information. The increase in efficiency in the housing sector by 2.2 per cent per annum is largely based on new construction and since the early 2000s on energetic renovations, with thermal insulation and the exchange of windows providing the greatest potential for savings. In residential blocks, the introduction of individual consumption measurements has also influenced user behaviour and the demand for technical improvements, as in the case of hot water. At the same time, however, gentrification can be observed: as new dwellings are larger and the increased standard of living consumes more energy, an increase in energy consumption is expected again.

Since 2003 there has been state-financed support for energy recovery (ERDF funds, mediated by KredEx) which require an energy audit. Since 2008 obligatory energy consumption limits in new buildings and extensive renovation have to be considered. The financing of such measures, however, exceeds the financial potential of the beneficiaries of many residential property owners, as well as public and private landlords, especially older residential buildings, which is why extensive repairs are not infrequently omitted. Overall, the proportion of residential and public buildings that meet the new energy efficiency standards remains comparatively low.

2.5 Finland country profile²³

Table 5: Basic information Finland

Indicator	Value
Proportion of rental housing stock	27.1%
Proportion of rental housing stock in the free market	14.5%
Proportion of social housing stock	12.6%
Population	5.45 Mil.
Median annual net income per person (EUR)	23,272

2.5.1 Basic features of the national housing system

In Finland, some 5.45 million people live in 2.8 million residential units. Approximately 27 percent of these are rented dwellings, half of which are in the social housing stock. The population of Finland is growing by about 25,000 people per year, despite a low birth rate, triggered by a positive migration balance. Also about 23,000 new dwellings are built annually. 1,000 inhabitants thus have almost 530 residential units.

The residential area per person has doubled since 1970 and is a little above the European average with an average of 3.7 rooms per apartment and more than 38 m² per person. The majority of dwellings (94 percent) have full facilities.

The initial situation of today's housing system was characterized by traditionally simple housing conditions, extensive destruction and the need to accommodate Karelian refugees after the Second World War. Housing construction in the post-war period was based on a basically market-oriented approach and was mainly stimulated by state building loans. As a result of the highly regulated banking sector, these loans were the only path to building financing until liberalization in the 1980s. From the 1960s onwards, these subsidies resulted in urbanization in the country, while in 1967 social and economic criteria became relevant for access to the state loans. In connection with this, the focus shifted from supporting homeowners to the construction of rented apartments, especially in the increasingly industrialized cities. So-called housing associations were established as builders in this sector, which were organized in a private-law and partly cooperative manner.

State loans became more restricted in the beginning of the 1980s. Instead, the state increasingly acted as a guarantor for loans to private builders and granted interest rate subsidies. In return, the owners mostly undertook to let a dwelling for 10 to 20 years, while adhering to national requirements regarding tenant selection and rental rates (Arava or Ara criteria). Depending on the economic cycle, these criteria were applied to varying degrees until the end of the 1990s.

Since 2000, only companies recognized as not-for-profit have been approved for the construction and maintenance of subsidized dwellings. These companies are allowed to make a certain profit on their own investments but must also use their income to maintain and repair the subsidized stocks. They can sell subsidized dwellings both to one another as well as to tenants, but are bound to the usual rental and access criteria in these transactions so that the dwellings remain free from speculative pressure within the binding period.

²³ Principle data sources for Finland:

- Ralli, T. (2014b).
- Ralli, T. (2014d).
- Gynther, L.; Elväs, S. (Motiva Oy) (2012).

While the central government is responsible for the general housing directives as well as the regulation of social housing, detailed tasks such as the granting of interest subsidies and credit guarantees, social housing policy and also energy policy regarding housing are transferred to the Finnish Center for Housing Development (Ara). Nearly 60 per cent of all government expenditure in the field of housing flows into the rental housing sector, the rest being supported by self-employed real estate owners.

As in other countries, a shift of decisions from the central government to regional bodies (devolution) is also taking place in Finland in the area of housing policy. As a result, the Metropolitan Region of Helsinki is addressing housing issues mainly at the regional level. Municipalities and cities have a shaping influence on housing policy and supply structures by establishing real estate taxes as well as by taking over the construction and planning supervision.

Most social apartments are managed by real estate companies in the city. Such non-profit companies benefit from tax reductions. Building land is also cheaper for rented dwellings by the local authorities than sold at the market price or leased. In addition, subsidies are granted in the form of general housing allowances and housing allowances for students and retired people. These grants depend solely on financial need, and the majority of them go to tenants.

2.5.2 Typology of rental buildings

Finland has the lowest proportion of pre-1918 housing stock in the EU. The majority of these buildings date from 1946 to 1970. Afterwards, new construction activity declined, but Finland still has a comparatively young housing stock, especially in the cities.

One- and two-family houses account for more than 40 percent of Finnish housing stock. Over 90 percent of these are inhabited by the owners. Nearly 42 percent of all dwellings are located in multi-storey buildings, mainly in the cities; 60 percent of which are let. More than one-third of the dwellings in row houses are also rented. This building category accounts for about 16 percent of the Finnish real estate portfolio.

2.5.3 Trends in housing policy and supply

While in 1990 around 70 per cent of the people living in social housing came to benefit from additional housing allowances, only one in two fell into this category in 2009. However, a Commission proposal calling for more stringent criteria in the award of social housing was criticized for fearing that its implementation would lead to the acceleration of social segregation processes, which were little known in Finland.

Satisfying the demand for affordable housing in the country's growth centres is the biggest challenge for the Finnish housing market. The Helsinki Metropolitan Region is characterized by domestic and non-Finnish immigration, particularly low and middle-income people, although there is a dwelling shortage in this segment. At the same time, sinking household sizes mean that even in the growth centres larger dwellings are sometimes empty.

In addition to the general housing supply, social integration of migrants and the provision of housing for the elderly are main challenges.

Depending on the estimate of migration, birth and death rates, a demand for 25,000 to 31,000 new residential units is projected by 2030. In 2012 there was an increase of 7,000 rented dwellings, 3,000 of which was financed by means of state interest subsidies.

2.5.4 Rental markets

About 1.3 million people live in rented housing, equivalent to about 27 per cent of Finnish households. Almost half of these dwellings (44 percent) belong to different types of social housing. This means that they have to be rented

for a period of 5 to 40 years according to so-called Ara criteria, due to state building subsidies. These include the selection of the rental parties according to social aspects as well as cost renting.

The ownership structure of the Finnish rental market can be divided into five segments:

- Almost a third of all rental dwellings are privately rented (233,000 units). The number fell by 29,000 units between 2002 and 2008, mainly due to ownership in the portfolio. Social housing is not found in this segment.
- Municipalities own about one third of all rental dwellings (248,000 units). This figure is also slightly declining. 94 percent of these are social housing. There are, however, also about 16,000 dwellings in communal ownership, which are rented out on the market.
- Publicly-oriented companies have a further 125,000 dwellings (16% market share). Their number rose by over 55,000 units between 2002 and 2008. 83 percent of these dwellings are allocated to the social housing stock; the remainder is rented without regard to the Ara criteria.
- About 6 percent of all dwellings are owned by industrial and insurance companies as well as banks. In 2008, around 45,000 housing units (30,000 fewer than in 2002) are used. Almost 30 percent of the units in this segment are social dwellings.
- Foundations, churches and other institutions are owners of the remaining approximately 17 percent. Their share rose by 5 per cent to 136,500 dwellings in the period 2002-2008. Over half of these units are social dwellings.

Apart from these classic rented dwellings, there is another category of state-subsidized housing, which is located between owner-occupied and rental tenure. Thus, since 1990, a housing right has been acquired for a particular dwelling (*asumisoikeus*, literally 'housing right'). After payment of 15 percent of the value, the buyer will pay a monthly fee for the maintenance of the building. This housing right can be resold, but only at the same price. No later than three months after the withdrawal, the former landlord receives the money for his share. Approximately 200,000 people live in a total of 44,000 residential units of this tenure type. The construction of these properties has been subsidized by the state; the dwellings are subject to the above-mentioned Ara criteria and are thus social dwellings. As a result of the financial crisis, the housing right was intensively supported particularly from 2008 onwards. About half of all dwellings of this type are located in the metropolitan area of Helsinki.

With the exception of single-parent families, home ownership is predominant in all other population groups (singles, families with and without children). After single parents, single-person households represent the largest group among renters. Rental tenure is most dominant mainly in Helsinki and the immediate surrounding area around the city, where nearly every second dwelling is rented. In general, the proportion of rented housing in rural areas is somewhat lower than in urban regions, and the share of social housing in all rented dwellings is also increasing in urban areas.

Private rental housing is subject to the stigma of unsafe housing conditions, high rents and strong control by the landlords. The public rental housing market in Finland is perceived as safer than its private counterpart, but it is linked to the social welfare stigma because housing policy is structurally linked to social policy. In large parts of the population, therefore, owner occupation is regarded as a desirable housing form. Compared to renting, home ownership stands for long-term financial attractiveness, privacy, independence and precaution.

Rental prices are increasing particularly in the metropolitan areas, especially in Helsinki. In the period between economic crises (1995 - 2009), however, incomes rose by an average of 33 percent. At the same time, the distribution of income polarized. While the income of homeowners rose by 45 per cent, the incomes of tenants rose by only 26 per cent. Accordingly, the share of the total income spent by owner occupiers for housing (14 per cent) was only half that of tenants (27 per cent).

2.5.5 Excursus on national tenancy law

The compulsory provisions of the Act on Housing Rentals (*laki asuinhuoneiston vuokrauksesta*) characterize the Finnish lease system. Rental price regulation is only available in the publicly subsidized renting sector (*Ara*); in the private rental sector, rents are freely agreed. Cancellation of the rental contract is also permitted to increase the rent. Overall, Finland is characterized by a medium to low degree of security of tenure for rental tenants.

2.5.6 Networks of actors active in rental housing

Finland has a well-developed system of housing associations. However, the interest of the members of the association is mainly at the local and regional levels, and only top-level organizations are involved in the representation of interests at national level. The centre of the tenant participation is the level at which the dwelling is rented, i.e. the municipality or, to a limited extent, the individual housing company.

2.5.7 Energetic efficiency: basic features and trends

Because of the climatic conditions, despite relatively high investments with respect to the already achieved energy technology successes since the 1970s, only comparatively small improvements are currently expected. The energy efficiency index between 1995 and 2010 has improved by only 16 percent.

While energy efficiency improvements in the structure are largely familiar to the market and cost incentives through savings, the standards for insulation, energy distribution and the use of alternative energy carriers are regularly adapted to the technical possibilities in the new building. Most recently, the 2012 standards were tightened by 30 percent compared to the 2010 regulation.

Subsidies, mostly in the form of grants or credit reductions, are made available regardless of ownership or rent for the improvement of thermal insulation, the installation or renewal of forced ventilation or the introduction of renewable energy sources in residential property or also in house communities.

At present a comprehensive consulting infrastructure is being developed to improve energy efficiency in the housing sector. As a result of a preliminary phase starting in 2010, it is primarily used to implement energy efficiency agreements.

2.6 France country profile²⁴

Table 6: Basic information France

Indicator	Value
Proportion of rental housing stock	42%
Proportion of rental housing stock in the free market	23%
Proportion of social housing stock	19%
Population	65.8 Mil.
Median annual net income per person (EUR)	20,924

2.6.1 Basic features of the national housing system

France has a population of just under 66 million, of which some 1.7 million are in the French overseas territories. Population development was characterized by an increase up to about 1850, which then flattened as an exception in Europe until the 1950s. It was only after this that there was a persistent population growth due to immigration from the former colonies, but also by a birth surplus.

About 29 million households live in rural areas, with this figure increasing more rapidly than the number of inhabitants due to the lifestyle-related decline in household size. This results in an estimated housing demand of more than one million units, including about 900,000 social dwellings, especially in the capital region and the south-west of the country.

Approximately 34 million dwellings (28.4 million residential apartments, 3.2 million second apartments, 2.4 million vacant apartments) are available. At 58%, owner occupation is the most common form of tenure in both apartment buildings and smaller multi-family houses and single-family homes, followed by 23% privately-rented dwellings and 19% publicly subsidized social dwellings (15% HLM = habitations à loyer modéré, dwellings with reduced rent). In addition, there is a small co-operative housing stock of less than 100,000 units.

The average housing size is 85 m², which corresponds to about 37 m² of living space per capita. The bandwidth ranges from 40 m² in owner-occupied dwellings to about 31 m² in privately rented dwellings and to 27 m² in social dwellings, whereby the equipment in dwellings is now mostly good. In the private rental sector, there are almost 50% one- and two-room apartments, many small and comparatively often over-occupied apartments. Owner occupation is more often found in small residential buildings than in apartment buildings (22 per cent), whereas the owner occupation is becoming increasingly common in larger buildings.

With short intervals of a socially oriented housing policy around the turn of the century from the 19th to the 20th century and state support for new construction in the regions affected by the First World War, rents rose after 1914 until after the Second World War due to a Laissez-faire housing policy. Although private renting was the main tenure type at around 90 percent, profitability under the inflation rate was not an incentive for new residential construction or housing improvements.

²⁴ Principle data sources for France:

- Commissariat général au développement durable (2012).
- Cornette, F. (2014).
- Hoekstra, J.; Cornette, F. (2014).
- Odyssee-Mure Report (2012).
- Woehrling, L. (2012).

Until well into the 1950s, the housing stock was characterized by neglected old buildings, high over-occupancy rates and informal settlements in the public areas of large cities. At the centre of housing policy was the newly built housing estate, which was subsidized by budget funds after the Second World War—mainly for rent but also for ownership, often in new construction areas on the outskirts of large cities. These settlements were accepted by broad sections of the population in the first few years, and then, as a result of an increasing supply of subsidized family houses and apartments for rent and ownership in small structured settlements, the middle strata largely left the large settlements. Poorer households followed. Since the 2000s, the resulting social disparities and consequent conflicts have been the main residential policy impulse in the growing agglomerations. The reaction to this problem was spatial and organizational demarcation of new public housing projects and neighbourhood developments. A comprehensive urban and settlement renewal, which is also aimed at structural and spatial improvements, which also includes social policy objectives, has since been at the centre of a Keynesian governance of the economy, which also includes labour market-related and socially-inclusive projects.

2.6.2 Typology of rental buildings

The housing stock is characterized by marked differences between rural regions and the agglomerations as well as by the different construction periods. While there are often small-scale designs of all building generations in the country, comparatively large buildings and closed urban-urban types from the time of the first industrialization to the 1980s characterize the industrial regions. They are also found in regions which are largely deindustrialized. Only since the 1980s and after 1990, new buildings have been erected in rather small-scale settlements. In the meantime, this is increasingly taking place on old inner-city industrial areas and brownfields after extensive urban sprawl.

There is still a significant need to catch up on structural restoration measures, particularly in older owner-occupied dwellings and among private landlords, while the social housing stock has now largely been repaired and modernized under public programs.

2.6.3 Trends in housing policy and supply

Of particular importance are the country's republican tradition and an institutionalized solidarity in which social housing policy plays a special role. Although the legally enforceable right to adequate housing (Droit au logement opposable - DALO), which has been introduced since 2008 and has been extended in 2012, has had little practical effect on the housing supply of disadvantaged households, it reflects the tradition of a policy which is directed against social-territorial inequality. Furthermore, all municipalities are obliged by law to build a social housing stock of at least 20 percent. This is intended to secure the supply of low-income households and, at the same time, to counteract their spatial concentration in a few, and especially municipal, communities. The central government supports this financially through specific contracts, in part to overcome the resistances of conservative municipalities.

The main actors in housing policy are different non-profit or profit-limited housing companies (HLM), as well as increasingly private housing companies, which supply needed rental housing as well as build dwellings for the sales market.

2.6.4 Rental markets

The share of private rental housing is 23 per cent of the total housing stock, while the social housing stock comprises 19 per cent. Apart from communal dwellings and of other public institutions (HLM), there are also a large number of privately-built dwellings with public funding (entreprises sociales pour l'habitat, supported by companies for the benefit of their employees, as an investment for insurance companies, etc.) with regard to access rules and rental rates, which are equivalent to the public service provider (HLM).

In addition to the reduced social rent (standard type of HLM housing and various types of upmarket residential housing) compared to the market depending on the target group, there have been demand-oriented residential consumption subsidies since the 1960s.

Access to subsidized housing is characterized by complex application and recruitment procedures. In most regions, waiting lists are by far more extensive than the dwellings that are likely to come available due to a change of tenant or new construction, so that theoretically entitled parties are partly dependent on the free market. In the short term, existing incentive systems for home ownership through various rental purchase models were abolished by the current government, and the tenant privatization in the social housing stock has been implemented only to a small extent.

In questions of housing preference, regardless of the current housing situation, the desire for home ownership dominates, which is encouraged by state support. While private tenancy agreements are accepted as a transitional home on the way to home ownership, clustered social housing stocks have been characterized by the reputation of low income and social status as well as segregation, especially since the unrest in 2005.

2.6.5 Excursus on national tenancy law

The applicable French tenancy law is primarily enshrined in the Law on the Improvement of Rental Agreements (Loi n ° 89-462). Tenancy agreements and rental income can be freely negotiated on the housing market since the 1950s as long as they are not in subsidized housing or if the dwellings are not located in areas with an increased need for housing. Rent increases are usually enforced at the time of extension of the tenancy agreement. During the term of the contract, rent increases are possible if they are contractually agreed and are in conformance with the public rental price index and a local comparative rent. In the case of new leases, only increases in rents up to a maximum of 20 per cent above comparable housing stock have been permissible since 2014; in areas with increased housing needs, a rent ceiling was also introduced. In principle, tenancy agreements are concluded for rented dwellings with a three-year term for landlords who are natural persons, and a term of six years for landlords who are legal persons, whereby silent renewals are customary. Overall, France is characterized by a high degree of security of tenure.

2.6.6 Networks of actors active in rental housing

As a result of the structure of the promotion and the organization of the public housing system, the enterprises of social housing (USH) are well networked and are a state partner involved in the housing policy discourse. They are associations of private landlords and homeowners who focus mainly on defending this sector against governmental requirements and rental regulations (UNPI - Union Nationale de la Propriété Immobilière and APOGEE - Institut Français du Management Immobilier). According to the French constitutional tradition, the group has a special role (Confédération Nationale du Logement, CNL), which is particularly concerned with the rights of the homeless. In general, the lively discourse about the development of cities and housing, which is brought to the public by the central state, the regions and the cities, which in turn has a broad interest in housing.

2.6.7 Energetic efficiency: basic features and trends

Between 1990 and 2010, energy efficiency in the housing sector has improved by 1.3 percent per year (26 percent in total). The reduction for space heating is 25% with a sinking consumption, while 18% savings are attained for water heating.

With regard to energy saving in housing, high standards are required for new buildings, which together with corresponding modernization measures will make it possible to reduce primary energy consumption by at least 38 percent by 2020. In the inventory, the tax incentives, which have been successfully assessed as a whole but are

still largely income-related, are retained for the time being with the substitution of fossil fuels as an important target. The targets for the period from 2009 to 2012 were energy efficiency improvements in 800,000 dwellings and from 2013 onward in a further 400,000 units. The goal was to reduce the average energy consumption to 150 kWh/m²/year. The main funding instruments are interest-free eco loans of up to EUR 30,000 per dwelling as well as the tax deductibility of the costs. In 2011, loans were spent on only about 200,000 dwellings, which means that the implementation of the program is lagging behind the target figures with clear differences in implementation between regions and municipalities. Since 2011, rental contracts are issued with the provision of energy certificates (diagnostique de performance énergétique), although tenants are not entitled to any energy improvement. Since 2011, energy information centres have been set up throughout the country, which - although difficult to understand in the calculation - will have a savings effect of 134 kt CO₂/year.

The new energy reform law of 17.8.2015 essentially follows these policies and their instruments.²⁵ In addition to a turn to "green energy resources", it pursues ambitious energy savings targets in all aspects of life, with the building sector accounting for 44% of French energy consumption. For private buildings, the following legal innovations are foreseen: in condominium associations, energy renovation measures can be decided by a simple majority; building regulations can no longer restrict insulation measures or measures for conversion to renewable energy sources; construction plans may specify low or zero energy houses; finally, all major renovations (renovation of the roof, façade, living areas) have to be used to produce energy certificates and to carry out energy-saving renovations by certified companies. Public buildings should play a leading role in the energy sector and should be converted to passive energy if possible; loans of more than EUR 5 billion will be provided for appropriate restructuring measures. In the area of private households, where 500,000 dwellings (of which at least half are for low-income households) are to be renovated annually from 2017, the new regulation also focuses on incentives in the form of different types of subsidies (tax breaks, interest-free loans, eco-checks for Particularly disadvantaged households). There are still no special provisions for rent increases after energetic renovations. However, the implementation regulations announced by the end of 2015 may bring further improvements.

²⁵ LOI n° 2015-992 du 17 août 2015 relative à la transition énergétique pour la croissance verte <http://www.developpement-durable.gouv.fr/La-loi-transition-energetique.html>;
<http://www.gouvernement.fr/action/la-transition-energetique-pour-la-croissance-verte>.

2.7 Italy country profile²⁶

Table 7: Basic information Italy

Indicator	Value
Proportion of rental housing stock	21% of all households ²⁷
Proportion of rental housing stock in the free market	16.3% of all households
Proportion of social housing stock	5.5% of all households
Population	60.8 Mil.
Median annual net income per person (EUR)	15,733

2.7.1 Basic features of the national housing system

Italy has about 60.8 million inhabitants. While the population rate rose quickly to almost 57 million in the post-war period by the end of the 1980s due to high birth rates, the (small) increase since then has been explained by immigration alone. Despite decreasing birth rates, the number of households has continued to grow significantly (by 32 per cent since 1970), and even in regions with a shrinking population an increase in the number of small households is expected (40 per cent single-person households, 32 per cent in Milan). The country has about 28 million dwellings, of which 25 million are permanently inhabited. Approximately one in five dwellings is let, and the share of social housing in the total housing stock is 5.5 percent.

Approximately 41 m² of living space is available to the population (37 m² in 2001), which puts Italy at the top of the European market. The technical equipment of the dwellings is above the EU28 average, while at the same time there are above-average housing deficits. An estimated 7 to 9 percent of the housing stock is empty. These consist of urban dwellings, kept away from the market for speculative reasons, as well as rural estates.

The growth of the population in the post-war period and rapid industrialization were linked with a late European migration from the rural south to the agglomeration of the north, which after 1970 assumed the character of a multi-core net city between Venice and Turin. Even before the current crisis, the development in the north led to a juxtaposition of state-of-the-art development and stagnation, while in many areas of the South, economic, social polarization and crises were more prevalent.

The consequences of war, population development and migration posed major housing problems for Italy in the post-war period, especially as the spread of informal housing and the overburden in historic settlements acted as a brake on social and economic modernization. Until the 1970s, a state-run housing promotion program dominated with a large number of programs, which were implemented by private construction companies, quasi-public housing companies and cooperatives with relatively weak planning authority. Funds from the state budget as well as special employer and employee contributions were the basis for the fact that, despite budgetary savings, extensive new construction could be implemented up to the 1980s, and in the following years some quarterly rehabilitation programs could be implemented. At the same time, the high proportion of informal construction

²⁶ Principle data sources for Italy:

- Bargelli, E.; Donadio, J. (2014).
- Bianchi, R. (2014).
- Propersi, A. et. al. (2012).
- Tosi, A.; Cremasci, M. (o.J.).
- Messina, F.; Siebel, C. (2014).

²⁷ The available data refers to the share of households and not to housing. Most households own their dwelling (about 67.2% of households) and only 21% of households rent their dwelling.

measures, which were largely legalized later, and which were then also available for public development projects, was a special feature of the Italian housing sector.

Since the 1980s, a political move towards home ownership has taken place, which has also been linked to an image change to the detriment of housing for rent, especially in social housing. Correspondingly, the proportion of fully subsidized and permanently remaining dwellings in the newly constructed housing was shifted in favour of subsidized apartments. This resulted in a complex system of subsidies for costs, rents and income, which stipulated a right to acquire tenants at the latest after 15 years.

After the central state transferred its former housing policy competences to the regions in the recent past, different regional housing policy regimes now coexist. Since this regionalization was carried out without the appropriate funds being allocated to the regions, the share of the social housing stock²⁸ of 5 per cent represents almost half of the population with a theoretical housing right for subsidized housing with low construction activity in this sector.

2.7.2 Typology of rental buildings

Rental properties are found in Italy mainly in three large groups. On the one hand, there are, in the countryside and in the inner city, large historical stocks from the time before the First World War. In many cases, their modernization is subject to monumental restrictions. Dwellings of this phase include less dense construction as well as more dense urban buildings in the inner city. The period since the 1920s was typologically based on modern building structures, while the second half of the 20th century was characterized by many densely populated high-rise residences near the city centre and on the outskirts of the city. In the periphery, private individual and terraced dwellings were still owner occupied, while smaller blocks were still being rented as housing—and informal construction remained an important factor in housing provision for a long time. All building generations before 1980 generally do not conform to today's energy efficiency criteria, especially since only a small fraction, but across all types, has been energetically upgraded. Only since 2005 have stricter ecological criteria been applied to new construction. In the case of the comparatively few residential buildings of this period, where rented housing is also underrepresented, apart from some inner-city replacement structures, these are mainly less dense small-scale settlement structures, usually with single, double and row houses in the surrounding of the agglomerations.

2.7.3 Trends in housing policy and supply

Overall, the housing situation following the turn of the century has been characterized by rapid economic fluctuations and by a comprehensive housing market crisis around 2008, followed by a significant reduction in new construction volume. This affects, in particular, low-income groups, migrants and people with special housing needs. For the future, the state will still be subject to considerable special requirements for modernization and new construction, which are caused by the aging of the population and by the extensive rehabilitation requirements in all older populations.

In many regions, subsidies exist which are available for certain beneficiary groups irrespective of the financing of the dwelling and which can extend to old and new buildings alike. For example, households receive a substantial subsidy for the purchase of a first dwelling, which reduces the necessary loan amount and hence the housing costs in the long term. Other forms of housing allowance are granted according to regional rules exclusively for private rented dwellings, in order to reduce the rental burden of poorer households on the market to a tolerable amount. Overall, a very diversified or unclear situation has arisen due to innumerable regional laws, municipal

²⁸ Figures on the current (still) socially restricted owned housing stock are not available.

statutes, regional and local tax allowances, etc., which also make it difficult for municipalities, private owners or tenants to develop transformation-oriented strategies.

2.7.4 Rental markets

Although in Italy traditional home ownership is the most significant form of housing and asset formation, about 18 percent of households depend on the rental market. The share of rental housing is the highest in the metropolitan regions at one-third, while in rural areas it is just over 10 percent.

The tenure distribution of the housing stock comprises 67 per cent of individual and 1 per cent cooperative owner occupation, 5 per cent rented social dwellings, 5 per cent private rental housing owned by companies subject to separate regulations, and 18 per cent rental properties owned by private individuals and institutional landlords (pension funds, insurance companies). In Italy, the category of other housing is estimated at between 7 and 9 percent, which is mainly due to the high proportion of informal housing.

Traditionally, a higher social status is attributed in Italy to owner occupants than to rental tenants. According to surveys, over 95 percent of tenants prefer owner occupation; social housing is often associated with poverty and a difficult social situation.

In the rent sector, rental income and income are negatively correlated. In the lower income groups, the leasing rate is between 25 and 35 percent, while in the higher income groups it is only about 10 percent.

2.7.5 Excursus on national tenancy law

The Italian leasing system is dominated by the rents law (no. 431/1998), which includes the law on fair rents (no. 392/1978) within its scope. Other important provisions can be found in the Civil Code (Codice Civile).

Private leasing is dominated by two rental price systems: the free rental agreement by contract and the rental rates for certain holdings defined by agreement between landlord and tenant organizations. In the case of the subjection of the owner under the latter arrangement, which is intended to serve as a cover, the owner is entitled to certain income tax benefits. In both cases, the tenancy agreements are limited in time, often to four or seven years, according to which the agreement can be extended or cancelled by agreement of the parties and, if applicable, rent increases in accordance with the inflation rate. In Italy, the legal enforcement and finalizing of evictions is problematic because they are lengthy and unpredictable. Altogether, Italy presents a mixed picture with regard to security of tenure.

2.7.6 Networks of actors active in rental housing

In Italian housing, which is characterized by a multitude of independent actors in the public (especially regions, municipalities) and private sectors, the central government is responsible for general issues, including the implementation of EU rules. In the meantime, however, it has given many tasks, including the management of social housing, to the regions. These also include the full responsibility for funding. Since the 1990s, municipalities have also increasingly taken on the task of providing housing. Actors' networks in which institutional innovations are discussed are weak and are supported by various civil society organizations, some bank-endowed foundations, and tenant organizations but have little influence on actual development.

In some cases, syndicalist organizations are active in the representation of tenants' interests, but they have little influence on the part of public and private owners due to the lack of a counterpart.

2.7.7 Energetic efficiency: basic features and trends

Energy efficiency in the housing sector has grown by about 34 percent between 1990 and 2010, with the rate of change in space heating declining from 1.8 percent per year to less than 0.5 percent, largely due to the increase in domestic air-conditioning systems.

Italy entered into energy efficiency policy comparatively late, and only after the turn of the millennium did it adopt comprehensive regulations. Since 2008, the user has to present a declaration of the utility appliance safety (e.g. regarding gas and other pipes), and since 2012, energy efficiency certificates are required for the conclusion of the contract. New buildings must have at least the energy class "C" (between 51 and 70 Kwh / m²). In 2014 grants in the form of a 65 per cent tax credit for renovation work on residential buildings were granted only for interventions in the common areas of multi-family buildings. The extent to which single dwellings can benefit from tax concessions is currently unclear.

2.8 Latvia country profile²⁹

Table 8: Basic information Latvia

Indicator	Value
Proportion of rental housing stock	15.1%
Proportion of rental housing stock in the free market	14.7%
Proportion of social housing stock	0.4%
Population	2.00 Mil.
Median annual net income per person (EUR)	4,666

2.8.1 Basic features of the national housing system

In Latvia about 2 million people live in about 809,000 apartments. About 85 per cent of households own their dwelling. Rental housing is offered almost exclusively on the free market. Only 0.4 percent of all residential units are considered social dwellings. The population has been steadily declining since Latvian independence, mainly due to the enduring economic crisis, emigration and low birth rates. Since 1990, the population has declined by 25 percent. The living space increased by 15 per cent in the same period, with the housing construction of 11 per cent since 1990 having only a small share. There are about 405 dwellings per 1,000 inhabitants. The overall economic situation is reflected in the fact that despite having the second highest rate of over-spending in the EU after Romania, the housing market in Latvia still suffers from a shortage of approximately 8 percent.

The average living space per person, which has been increasing since 1990, currently stands at around 27 m², although the statistics do not permit a breakdown between ownership and renting. This puts Latvia in the final group of the countries under investigation and the EU. The need to rehabilitate the Latvian housing stock is relatively high. A quarter of the population is experiencing multiple constructional deficiencies. The proportion of the population living without their own bath or shower is just as high, but slightly declining.

²⁹ Principle data sources for Latvia:

- Cimbale, A.; Kolomijceva, J. (2014).
- Klavs, G.; Kudrenickis, I. (2012).
- Kolomijceva, J. (2014).
- Marana, I.; Zakis, V. (2012).

The Latvian housing situation is decisively influenced by the Soviets (1940-1990). During this period, it was forbidden to profit from the leasing of private property. At the same time, there was an enormous increase in state-managed housing and centrally organized new construction, mainly in the few industrial centres and the capital.

With Latvian independence a political reorientation of the housing policy took place, which was characterized by a radical privatization and de-nationalization. As far as restituted dwellings were not used, rent limits were set to protect the poorer sections of the population. In 2007, however, the Constitutional Court declared these restrictions to be unconstitutional and repealed. A similarly aligned legislative initiative to regulate the maximum rent increase was also abolished on the basis of the Constitution.

The focus of Latvian housing supply policy lies in subject-oriented promotion. For households in need of support, there are both housing allowances and subsidies for energy and other housing costs, while the definition of needy households remains politically controversial. The low level of object-oriented promotion is reflected in the low level of social housing stock needed to provide housing for people in need of assistance. In principle, ten thousand households in Riga who qualify for social housing are applying to waiting lists for a dwelling, and the estimate for the whole of Latvia is about 20,000 cases. Social housing is generally financed and managed by the municipalities, and in some cases there are state subsidies. In addition, there is governmental promotion of home ownership for certain households (for example for families with children), which, however, has so far only had a small effect.

2.8.2 Typology of rental buildings

In Latvia, over 85 percent of the buildings are single-family homes. Two-family dwellings account for just under 4 per cent, and 11 per cent of residential units are located in buildings with three or more dwellings, mainly in the cities. This urban building stock is characterized by the massive housing construction from the Soviet period and residential buildings from the pre-war period.

The picture in Riga and the larger cities, apart from historical buildings, comprises traditionally constructed residential blocks from the years before 1960 and large new settlements of prefabricated construction were built up to 1990. Construction activity fell significantly in the 1980s. In rural areas, there are mainly village structures with small and isolated residential buildings, which have also been maintained relatively well in the Soviet Union, regardless of the property status. With the exception of the blocks of the Khrushchev era, which have serious structural defects, are often poorly maintained and sanitary and have obsolete heating technology, the majority of the residential blocks are in an adequate condition, but serious modernization is scarce.

2.8.3 Trends in housing policy and supply

Public plans to improve housing supply are focused on stimulating the market for the construction and renovation of owner-occupied dwellings. In the face of the economic situation and the impact of the global financial crisis, this is a problem. Neither has a multifarious housing market emerged, nor does the vast majority of the population have the financial resources to invest in the improvement of housing.

In addition to the above-mentioned program for the support of housing development (families with children, single-parent families), ALTUM grants state loan guarantees for new financing, but also for the repair and renovation of dwellings.

While the real estate market in and around the capital Riga is growing slightly again in the last few years after the slump in a short-lived boom around the year 2000, this trend cannot be observed in the rest of the country.

2.8.4 Rental markets

The share of the rental housing stock of about 15 percent represents the second lowest value among the countries under review—after Estonia. Only about 3 percent of rented housing can be described as social housing. This puts Latvia in the last place in the comparison of the countries under review.

The market rental sector is growing constantly, especially in urban areas. Between 1990 and 2009 the privately rented sector has tripled, which is directly related to privatization, demographic change and migration. Flats are also let at low rents if they fall from the familial use, especially since there is no pronounced buyer's market.

In the same period, the number of publicly managed dwellings has declined to one-fifth of the population. Housing in the municipality can be rented in three different ways:

- The municipality can conclude a private lease with the tenant. The rent then consists of the maintenance costs and a profit margin, which is determined by a competent local authority.
- Housing can be provided by municipalities in the sense of housing support. In this case, the profit margin is eliminated, and the payable maintenance costs are reduced.
- In the case of social leases (social apartments) the cold rent is even lower. In addition, the municipality takes over parts of the operating costs.

Social housing is often spatially concentrated in disadvantaged urban areas or in peripheral new settlements. As a rule, these areas are tighter in infrastructure and show a tendency towards ghettoization.

Housing for rent is generally considered to be lower in Latvia compared to the purchase of residential property. The state housing policy supports this tendency by tax relief in the construction of residential property.

Rent and also rent increases are not influenced by state regulations in the free housing market. Between 2007 and 2011, the share of rental expenditures on income rose by 60 per cent and is now on average about 17 per cent.

2.8.5 Excursus on national tenancy law

The Latvian tenancy system is based on the provisions of the Act on Housing and the Civil Code. The rent in the private rental sector is subject to free party agreement. Rent increases are also limited by compliance with a specific procedure, but not by their scope. Termination by the landlord is however hardly possible with open-ended tenancy requirements. Overall, the Latvian system is characterized by a non-uniform picture in terms of the tenure security.

2.8.6 Networks of actors active in rental housing

In view of the condition of the housing market and negligible rented housing construction, the corresponding actors' networks are weak. Tenant organizations as well as the non-municipal landlord associations form a weak lobby. The government, its housing agency and municipalities see their role more in the promotion of certain sectors of the housing market and increasingly also in energy efficiency measures, while housing policy discourses take place mainly at the party-political level.

2.8.7 Energetic efficiency: basic features and trends

In Latvia, housing is the largest energy consumer. Since 2000, housing consumption has been reduced by a high initial consumption of almost 30 per cent, although the reduction in consumption has meanwhile slowed. A series of building and settlement-related model projects financed in a cost-neutral manner within the framework of EU programs and international support were followed by a focus on more efficient energy generation and distribution and thermal insulation at selected building parts. These measures are the focus of the corresponding national

program co-financed by ERDF funds. It is aimed at housing owners of multi-storey residential blocks and tenants of communal housing, with a 20% reduction in energy consumption. Concerning other savings programs financed by subsidized loans, the income conditions of the owners and tenants did not allow either the partial pre-financing or the operation of the loans.

2.9 Netherlands country profile³⁰

Table 9: Basic information Netherlands

Indicator	Value
Proportion of rental housing stock	40.0%
Proportion of rental housing stock in the free market	8.6%
Proportion of social housing stock	31.3%
Population	16.8 Mil.
Median annual net income per person (EUR)	20,839

2.9.1 Basic features of the national housing system

In the Netherlands, some 16.8 million inhabitants live in 7.2 million apartments. Rented dwellings comprise 40 percent of the housing stock. In 78 percent of these cases, rents are regulated (2.3 million social dwellings) in dwellings owned and managed by non-profit companies, which is the top among the countries under investigation. Through a positive migration balance and natural growth, the population increased by 2.1 million people between 1985 and 2010. The number of dwellings rose by 2 million in the same period, with the increase being almost exclusively in the area of owner-occupied apartments. This means that there are almost 430 residential units in 1,000 inhabitants.

The average living space per person is 38 m² and thus above the European average. More than two thirds of all condominiums have an area of 100 m² and more. In the field of social housing, this is only 20 per cent, and 30 per cent for dwellings without a rental regulation. All buildings have hot water and bath or shower, and 94 percent of the dwellings are centrally heated. Over the past three decades, the Dutch housing market has undergone a marked shift from a highly regulated and subsidized housing supply to broad sections of the population towards a market-oriented housing supply.

The Netherlands builds on a long tradition of a housing system based on collective solutions, which was founded with the Housing Act of 1901. This was based on the establishment of a comprehensive social rental sector, which explicitly opposed the fact that less well-off persons had to provide for themselves on the market. Afterwards and still more after the Second World War, the state assumed the task of providing regulations and funds for a largely unitary rental housing market, which contributed significantly to the above-average housing supply.

³⁰ Principle data sources for the Netherlands:

- Dolata, R. (2008).
- Dol, K.; Haffner, M. (2010).
- Donner, C. (2011).
- Elsinga, M. (2011), S.109.
- Haffner, M. (o.J.).
- Haffner, M.; van der Veen, M.; Bounjough, H. (2014).
- Petten, J. (2012).
- Ploeger, H.D.; Nieboer, N.E.T. (2015).

In response to the consequences of the war, an increase in demand as a result of economic and population growth, as well as a change in the need for housing, massive government grants were already granted in the years following the Second World War. There was no explicit distinction between private and social landlords, and income boundaries and rental havens were closely linked.

Parallel to economic developments in the housing sector worldwide, but also the result of tight budgets, these subsidies have been greatly reduced since 1989 and continued to slow until 2000. Since then, the not-for-profit housing companies have not received any government subsidies for the new construction or for renovation measures which are usually financed on the market either from own funds or through loans. However, the assets have been generated by public subsidies over the past decades. As of 2010, non-profit companies restricted their activities to the housing supply of lower income groups and certain socially important key workers. The background of these amendments was long-term negotiations with the EU on the compatibility of the Dutch regulations with the EU aid legislation. The new regulations ensured conformity with the relevant EU regulations.

From the 1970s onwards, a subsidy was introduced in the form of housing subsidies, which has been used since 1997 as a means of avoiding social segregation and is now the central element of Dutch housing policy. The housing allowance has recently been increased to allow even poorer population groups access to newly-built housing and upgraded districts.

2.9.2 Typology of rental buildings

The Netherlands has a comprehensive historical building stock, as well as particularly sought after houses from the interwar and the post-war period. Despite extensive building activity in the 1960s and 1970s, the share of massive new settlements, which are considered as social policy and housing policy foci, is comparatively low. After 1980, new cities and districts, characterized by small-scale development, were identified as attractive by the rental and property market. After this new urban and settlement building was initially confined to the Randstadt—the largest conurbation in the Netherlands—today such developments can be found in many places.

While owner occupiers live mostly in single-family homes (86 per cent), almost half (45 per cent) also find social housing in this type of house. However, private rentals are found predominantly in multi-family dwellings (62 per cent dwellings).

In terms of construction, different eras can be identified: around one third of the privately leased houses were built before 1945. Social apartments built with property subsidies were built to more than 70 percent between 1945 and 1989. In the last 25 years, the new building has largely concentrated on residential property. Nearly a third of all residential buildings were built in the period after 1990.

A special feature of (rental) housing construction of the past decades is the comparatively high renewal rate of the housing stock. Basic reconstruction or demolition and new construction after a few decades are often common.

2.9.3 Trends in housing policy and supply

Until the beginning of the financial crisis in 2009, the supply of new living space approximated the housing needs of the population. However, as a result of the economic crisis, the number of new buildings decreased from 80,000 to 50,000 units per year, which led to a significant shortage of new residential buildings for the growing number of households. There are regional differences between the metropolitan area in the north of the country (Amsterdam, Rotterdam, Utrecht and The Hague) and rural and bordering areas. While peripheral growth rates and a high demand for housing are forecasted in the outskirts of Randstadt, a decline in housing needs is expected in rural areas with lower growth.

There are also efforts to make a change in the social and housing policy, according to which the social housing market is to be open only to people in need of help. At the same time, the private leasing market is to be made more attractive and brought more close to the real market level, especially with regard to higher income households.

2.9.4 Rental markets

About 40 percent of Dutch households live in a rented dwelling. In 2012, this corresponded to 2.9 million dwellings. With the exception of some badly beleaguered new settlements in the 1960s and 1970s, housing for rent in the agglomerations is generally not negatively regarded; however, the trend towards owner occupation, which had declined markedly in the crisis, is still widespread.

The Dutch model of the regulation of rents and rent increases is a special feature. All dwellings are evaluated according to a point system that assesses the quality, equipment and location of a dwelling. The maximum rent and maximum rent increases are fixed centrally up to a certain point. Housing allowances and other state benefits are granted only for dwellings in this regulated rental sector.

Nearly 80 per cent of the rented properties have a score which does not allow free renting. Their number has risen slightly in the past 35 years from 2.1 to 2.3 million units. Private, unregulated housing, on the other hand, accounts for about 20 percent of rented housing. Between 1985 and 2010, the number decreased by one third to around 650,000 dwellings, mainly by means of a standard increase or also by tenant privatization.

There are regional differences in the distribution of rent and home ownership. In rural areas, the share of residential property is somewhat higher than in urban areas. There are also slight differences between the rental types. Non-rent-regulated dwellings with a correspondingly high standard of housing represent a slightly higher share in urban areas than in rural areas.

2.9.5 Excursus on national tenancy law

The Netherlands tenancy law system is primarily regulated by the provisions of the Civil Code. It is characteristic, in particular, that the regulated point system depends on the quality of the dwelling, but not on the private or non-profit provider. Only in dwellings with correspondingly high quality and equipment is a free rental price allowed. All other dwellings are subject to a rent regulation, which is graded according to the quality of the dwelling, and the regulation applies also in the case of rent increases. Overall, the Dutch system is characterized by a high degree of security of tenure.

2.9.6 Networks of actors active in rental housing

Since the beginning of the twentieth century, the Netherlands has continuously developed further links between housing market players and the policies in which the respective power relations are reflected. Tenant organizations, as well as the organizations of non-profit-making and profit-oriented landlords, are in constant discourse with each other and with the government on housing and urban development policy in the context of general welfare policy. Themes of spatial development are addressed as well as questions of social developments, such as demographic change, migration or the consideration of those social groups in housing, which for various reasons have little access to the social housing stock but are poorly supplied to the market.

2.9.7 Energetic efficiency: basic features and trends

In the residential sector, energy efficiency increased by 36 percent between 1990 and 2010, with the increase in efficiency of room heating at 39 percent the most significant growth. The energy savings achieved are based on a broad application of technological solutions, ranging from heating technology to the further conversion of energy

sources and distribution to improved thermal insulation. As a matter of principle, the Dutch energy efficiency strategy is the most important control instrument on the market. Regulations are more effective in the case of intensive structural interventions and the changing of the inhabitants, be they tenants or owners. Simple procedures and clear information are expected to provide the impetus for increasing efficiency.

The energy efficiency standards for the new construction and comprehensive modernization have been tightened several times since 1995, which is supported by voluntary quasi-contractual obligations of all actors in the housing sector under the so-called "less is more" program. By reducing the access barriers to measures through consultation and mediation, the rate of energy upgrades is to be raised to more than 200,000 dwellings annually.

2.10 Austria country profile³¹

Table 10: Basic information Austria

Indicator	Value
Proportion of rental housing stock	40.0%
Proportion of rental housing stock in the free market	18.1%
Proportion of social housing stock	21.9%
Population	8.51 Mil.
Median annual net income per person (EUR)	22,073

2.10.1 Basic features of the national housing system

In Austria about 8.51 million inhabitants live in about 2.2 million residential buildings with 4.5 million dwellings. While the population increased by 6 percent between 2000 and 2014, the building stock increased by 7.1 percent and the number of main tenants by 10 percent.

Living space is above average with 42 m² per person compared to the European average, whereby tenant households with an average of 69 m² per dwelling are much less frequent than owner occupation households with as large a living space. Average living space is growing steadily in the country as a whole, with a weakening in Vienna. By far the majority of all dwellings (93 percent) have full facilities (central heating, bath etc.).

"The Austrian housing construction policy was essentially a housing promotion policy" (Donner: 2000)³², both in rented housing construction mainly by non-profit and municipal developers as well as in the area of residential property. Apart from the different forms of promotion of new buildings and the preservation of the living space, which have also included measures to increase energy efficiency since the 1970s, there has been a subsidy for

³¹ Principle data sources for Austria:

- Amann, W. (2008).
- Donner, C. (2000), p.111.
- Donner, C. (2011).
- Fekter, M. T.; Mauerer, M. (2008).
- Hofmann, R. (2014a).
- Hofmann, R. (2014b).
- Jellinek, R. (2012).
- Kunnert, A.; Baumgartner, J. (2012).
- Lugger, K. (2008).
- Stöger, H. (2008).

³² Donner, C. (2000), p.111.

housing subsidies since 1968 which relates to the limitation of housing costs to a certain proportion of household income.

Since 1984 there has been a broad transfer of housing competencies to the federal states, so that today there are different regulations and in fact nine different urban development and housing policies. At the federal level, the general housing policy (including with regard to the EU), the regulation of housing welfare, the right of tenancy and housing, and residential building research remained.

State subsidies for new construction and development of buildings have and are subject to regulatory interventions, which relate in particular to access/occupancy and rental rates. In addition, state intervention has also had a long tradition in the private housing market in Austria. As a consequence of comprehensive new housing promotion, social housing in Austria also stands in the top rank in the EU-wide comparison—roughly 60 percent of the total rented housing and around a quarter of the total housing stock.

2.10.2 Typology of rental buildings

A little less than four-fifths of all residential buildings in Austria are one- and two-family houses, and only one-ninth of residential buildings have three or more apartments. 45.3 percent of all dwellings are in one- and two-family houses, 21.6 percent of dwellings in smaller multi-storey buildings with three to ten apartments and 29.9 percent in those with eleven and more apartments. In the distribution of the building types, there are clear differences between Vienna and the urban agglomerations as well as the rural regions. Vienna is particularly characterized by a multi-storey block building of different building age classes from the 19th to the 21st century.

Due to the comparatively high continuity of the subsidy policy and the good assumption of subsidy offers after the start-up difficulties of the 1970s, the tenant's accommodation portfolio includes all the types built after the First World War—from single-family dwellings over the residential blocks of the 1920s to those from after the Second World War. In particular, publicly subsidized rented housing dwellings often show a particularly high quality standard, which can be maintained largely in accordance with the available funding offers (and the corresponding tenancy law), or can be achieved again through renovation after periods of relative neglect.

2.10.3 Trends in housing policy and supply

While the long-term coverage of the housing market was projected in 2000, a significant increase in demand has emerged since the Metropolitan Region of Vienna and some other economically prospering regions, contributing to supply bottlenecks across all market segments. On the one hand, there are growing tendencies towards a differentiation and a stronger economic orientation, which are also promoted by the legislation, especially in the non-profit sector (mainly established with taxpayers). On the other hand, new, differentiated and targeted funding modalities are being considered. In addition to the demand for immigration and prosperity, increasingly the regulatory requirements are also becoming the focus of housing policy, resulting from national and EU-wide energy efficiency targets. In any case, the Austrian housing policy has so far failed to meet the trend towards the residualization of the rents sector in social housing.

2.10.4 Rental markets

About 1.6 million or 45 percent of Austrian households live in rented dwellings.³³ In 2012 the rental housing market included 1,475,000 dwellings. Three subsectors can be distinguished, which are characterized by a clearly different legal framework:

³³ Trocker, L. (2012).

- Private rental housing accounted for about 600,000 units, or 40% of the rental housing stock. As a result of the increase in publicly subsidized and socially dependent rented dwellings, the relative share of private rented dwellings has decreased in recent years.
- Non-profit building associations, which are mostly organized according to cooperative principles, manage an inventory of 600,000 rental dwellings (40 per cent) as well as approx. 240,000 owner-occupied dwellings. In total, some 23 per cent of the Austrian housing stock comprises socially-bound, rented dwellings.
- The municipalities and other public bodies own 280,000 rented dwellings (19 per cent) with a clear focus on Vienna.

Rents and residential property are distributed unequally on a regional level: in Vienna, there are 75 percent of rented housing, and in Burgenland only 16.4 percent. While the share of rented dwellings has declined steadily in the past, this development is currently not continuing, as owner-occupied dwellings are being rented privately.

To rent is in Vienna and larger Austrian cities considered normal for large sections of the population, especially since there is a wide differentiation of different rented dwelling types. While the so-called "urban key groups" are found in the newer dwellings, poorer and socially disadvantaged populations tend to live in older social housing and the more favourable private populations. The most distinctly differentiated areas are free-market tenancies, which include both remaining substandard dwellings (about 8 percent in Vienna), as well as newer, high-quality dwellings in good locations with corresponding offer prices.

For many years the Austrian leasing development was characterized by moderate increases in the various market segments (old lease contracts, leasing contracts in all subsidized social housing estates—the so-called full application area of the MRG). This situation was particularly favourable for existing tenants and at the same time also created financial margins for a partial (and temporary) apportionment of maintenance and modernization measures together with the extensive funding offers and thus the background for a collectively state-financed quality improvement policy. Since rents have risen significantly more than inflation and wages over the past decade³⁴, this advantage, which is derived from tenancy law and subsidies, is being lost at a time when the implementation of the national and European energy efficiency targets can only be achieved with a substantial investment effort.

2.10.5 Excursus on national tenancy law

In the main focus of Austrian tenancy law are the provisions of the General Civil Code (§§ 1090 ff. ABGB) and the Mietrechtsgesetz (MRG). The applicable statutory provisions for the determination of the rent level depend on a number of factors—among others, the type of owner, the year of construction or the question of the use of public support measures. In the case of apartments owned by private owners established after 1953 without the aid of public subsidies, there is a high degree of contractual freedom, while housing subsidies and access rights apply in the case of housing for non-profit building associations. While lease agreements under the ABGB (with restrictions on consumer protection regulations) are freely negotiable, these facts are subject to detailed regulations in the so-called full and partial application area of the MRG. In the full and partial application area, leases can only be terminated by the landlord if legal grounds are given. In the full application area of the MRG, there is also a regulation of the rent below the market level through various models such as the so-called "guaranty", depending on the date of the conclusion of the rental agreement.

Therefore, with regard to security of tenure, Austria presents a mixed picture.

³⁴ Trocker, L. (2012).

2.10.6 Networks of actors active in rental housing

Austrian housing is characterized by a strongly corporatist structure of actors in which all groups involved have their own action and contact structures. In the tradition of a largely consensual negotiation of the aims and conflicts between the groups of actors, a relatively persistent practice and institutional culture has established itself over the past decades. This network includes both legislative and executive policy, the various professional associations and lobbies, the tenant and cooperative associations as well as the influential registered chambers. The chambers represent tenants' interests in shaping energy policy.

In this network structure, the causes of the resilience of the housing system lie, among other things, against the pressure of change towards more market-liberal structures. The comparatively high stability against the influences of the housing crises of the last decade is also attributable to the networks in the housing sector, whose distribution of power traditionally leaves hardly ideological volumes. At the same time, the rented housing sector in particular has been comparatively sluggish instead of meaningful development.³⁵ In addition to a certain influence of federal housing research, which has declined in recent years, the civil society and professionally based initiatives in larger cities have led to experiments in the different fields of urban development, institution building, usage agreements and financing.

2.10.7 Energetic efficiency: basic features and trends

Compared to the EU average, which was 25% for the period between 1990 and 2010, energy efficiency in the housing sector has improved by 34 per cent. The savings in space heating and the building insulation of old buildings and new buildings are by far the most important factors which also compensate for the increase in living space and the usually higher room temperature. However, the increase in efficiency of hot water generation remains significantly lower.

Since the energy crises of the 1970s, Austria has undertaken efforts to reduce energy consumption, and since 2002 it has had an energy efficiency strategy that has been repeatedly evaluated and revised. Apart from the emission trading sectors (buildings, transport, and agriculture), it includes detailed action plans which specify the target paths for the greenhouse gas emissions. At a relatively early stage, attention was focused on questions of energy generation, distribution, and utilization of the savings. From this, a financial support requirement was derived which, among other things, also led to budget-financed grants, which were intended to ensure that the implementation was as cost-neutral as possible for the beneficiaries. Since the implementation of energy policy falls within the competences of the federal states, different procedures arise, for example, in state-specific regulations for the promotion of certain locally efficient forms of energy.

³⁵ Donner, C. (2000).

2.11 Poland country profile³⁶

Table 11: Basic information Poland

Indicator	Value
Proportion of rental housing stock	14.9%
Proportion of rental housing stock in the free market	5.9%
Proportion of social housing stock	9.0% ³⁷
Population	38.5 Mil.
Median annual net income per person (EUR)	5,164

2.11.1 Basic features of the national housing system

In Poland, some 38 million people live in about 13.5 million dwellings. The approximately 3,500 traditional housing cooperatives (in contrast to a few owners' cooperatives) play a special role. They represent an often rental-like portfolio between rent and ownership and offer in approximately 2.5 million dwellings about 19.4 percent of the housing stock. Approximately 15 percent of all dwellings are rented in the legal sense; almost one tenth of dwellings are rented as social dwellings to needy people. Between 2003 and 2009, 950,000 new dwellings were built. Although the population remained stable over the same period, the number of households increased by 1.1 million, so that the high demand for the housing market, which has existed for decades, has not diminished despite the fact that new construction has been extensive. There are about 350 apartments per 1,000 inhabitants.

On average, 24.7 m² of living space is available per person, which is one of the lowest values within the EU and the minimum value of the countries under review. Small apartments in municipal or cooperative property reduce the average values, and dwellings in rural areas are significantly larger than in urban areas. The condition and the equipment of many dwellings are considered deficient. In particular, privately rented apartments are often in bad shape. In recent years, however, the average equipment and the degree of redevelopment of dwellings have improved as a result of completed new construction and widespread modernization measures.

The Polish housing market is still strongly influenced by the past. The massive destruction of the Second World War followed the period of a planned economy. Despite the general resource shortage, the post-war years invested heavily in the subsidized housing and subsidized housing construction, which had dominated the pre-war years since the 1960s. With the economic crisis intensified after 1975, housing construction fell sharply and turned to small cooperative and private property projects. The private rental of residences was permitted, but strongly regulated with regard to the rental rate and selection of tenants. In general, rents were not sufficient for the proper maintenance of the building stock.

After the political change in 1989, the Polish government largely withdrew from direct interventions in housing construction and at the same time tried to stimulate building activity in the newly emerging market. All in all, the poor degree of maintenance and renovation and the widespread over-use remained the defining characteristics of the housing supply, which were offset only by expensive private new construction and some state-supported

³⁶ Principle data sources for Poland:

- Panek, G. (2014a).
- Panek, G. (2014b).
- Teller, N.; Hegedüs, J.; Lux, M. (2013).
- Land Brandenburg/UrbEnergy (2011).
- Szelenyi, I.; Wilk, K. (2009).

³⁷ This figure includes all housing currently with subsidy-related restrictions on access and rent price. Social housing in a narrow sense as housing for people in housing emergency situations is estimated to be 3 percent of the population.

attempts to revive cooperative construction. In the course of privatization, formerly non-profit owners (formerly state enterprises, the 'old' cooperatives) and, above all, the municipalities disposed of large parts of their buildings. Private investors and large construction companies increasingly took over the role. An amendment of the tenancy law stipulated fixed-term maximum tenancy in 1994 and allowed government grants to poorer population groups as well as better leverage possibilities of modernization costs on the part of the lessors to the tenants.

While the proportion of owner-occupied dwellings (instead of the sale of whole blocks of flats) rose by the tenant privatization of municipal housing stock, new social welfare-oriented providers of housing construction and leasing emerged with the social housing associations (TBS) from 1995 onwards. Rented housing for the lower middle classes was created for cost-renting, subsidized by a national real estate fund.

Until the suspension of the national real estate fund as a result of the global financial crisis in 2009, almost 90,000 comparatively favourable rented dwellings were financed in a non-profit-oriented housing sector and cooperatives, and more than 100 municipalities supported infrastructure development. After this promotion programme ended, the housing supply of low-income households is now carried out mainly through subject-related support. In public housing tenure, there is the possibility of a rent reduction for tenants who are in need of assistance (limited to 12 months, renewable). Low-income households are given a large amount of housing allowances by municipalities. New owner-occupied dwellings are now almost exclusively built by municipal housing companies.

Since 1998, it has been possible to finance energy recovery measures through a national fund to promote energy efficiency, which is funded by ERDF funds. However, this fund has so far received little attention as a result of tight budgets and unfavourable conditions (maturity and interest on loans).

2.11.2 Typology of rental buildings

Every fifth residential building in Poland was built before 1945. Among the municipal buildings, the share is about one third. Especially in the west and south-west of the country, the house stock is above-average. The majority of Polish residential buildings were built in industrialized housing during the period of the state socialist period before 1989, with the construction of the urbanization of the country linked to the industrialization being reflected in construction activity. Only about 20 percent of the buildings, mostly smaller owner-occupied dwellings, were built after 1989.

2.11.3 Trends in housing policy and supply

Despite extensive efforts over the past twenty years, the lack of housing provision is still a political challenge for Polish society. Given the changing (housing) political landscape, the number of new housing units varies year after year, but no clear trend is recognizable. Furthermore, the persistent discrepancy between low incomes and rising construction and housing costs for many young people, including families, often results in housing being overcrowded. In view of the often deficient state, it is important that the achievable rent level in municipal and cooperative buildings is frequently still not sufficient to ensure sustainable maintenance or even energetic renovations. Particularly the adequate provision of housing to low-income households, the elderly population and people with special housing needs will remain a constant challenge.

With regard to rental housing construction policy, a general withdrawal of state influence can be observed. Since the National Housing Fund was discontinued in 2009, new programs are primarily aimed at promoting home ownership of certain populations (young families, single-parent families), and explicitly exclude the promotion of rented housing.

2.11.4 Rental markets

There are about 2.2 million rented dwellings in Poland, which corresponds to about 15 percent of the total housing stock. More than half of these dwellings (60 per cent) belong to the social housing stock, in the broader sense of housing policy, as they are subject to restrictions based on subsidization requirements (rent height, access authorization). Social housing is also understood in the narrower sense referring to housing shortcomings, in the sense of populations particularly vulnerable to unemployment—the unemployed, the chronically ill, pensioners and families with minor children as rented housing.

Rental housing has a much higher share of total housing stock in urban areas (20%) than in rural areas (6%). Apartments under the responsibility of municipalities and TBS are found almost exclusively in urban regions.

The rental housing market can be divided into the following three segments:

- A little more than 1 million dwellings are owned and managed by municipalities. Of these, 57,000 residential units are allocated to temporary tenants for a limited period, the remainder being rented normally, with the rental level generally being below the cost rent.
- In addition to the 84,000 TBS dwellings built in the past two decades, the expansion of this non-profit sector has largely come to a standstill since the expiry of the National Real Estate Fund in 2009. The apartments are allocated for the cost of renting, whereby the quality compared to the municipal living space is significantly higher, which concerns both equipment and housing sizes.
- Just under 6 per cent of all dwellings and 40 per cent of rented dwellings in Poland are rented on the private market. Since, rents and rent increases were fixed for a long time, no income could be generated. As a result, the state of private housing deteriorated analogously to municipally-owned property. Public utility workplaces and apartments for state employees play only a marginal role.

Most people in Poland prefer home ownership versus renting. The prospect of having housing as a value investment after paying off loans and mortgages as well as the often poor quality of rental housing can be cited as reasons for this preference. In the course of the economic crisis, the financing of home ownership has become increasingly difficult for many people to realize. The demand for rented dwellings therefore rose, with the margins on the Polish rental market being low due to the very low fluctuation.

With regard to the entire real estate market, the dynamics of the Polish rental market have been particularly high in recent years. The low rents in the private market rose as a result of rising demand. Currently, about 30 percent of an average family income is spent on the rent. Particularly high are the rents and the share of rental income in Warsaw, followed by Breslau, Krakow and Katowice.

2.11.5 Excursus on national tenancy law

The Polish tenancy law system is essentially based on the provisions of the Civil Code and the 2001 Tenant Protection Act, which replaced the former Lease Law of 1994. The agreement between the landlord and the tenant is subject only to the weak limitations of general civil law, for example, with regard to profits. Rent increases are more strictly regulated in the 2001 Act. They must be announced in writing by the landlord at least one month before their effectiveness and are only allowed once in six months. In addition, the upper limit of 3% of the value of the housing must be respected, which should not exceed the increased rent. Temporary leases are the rule.

Overall, the Polish tenancy law system is characterized by a high level of security of tenure.

2.11.6 Networks of actors active in rental housing

The large degree of contractual freedom and the low level of regulation in the rental housing portfolio contribute to rather weak institutional structures among tenants and landlords. While the construction industry, municipal enterprises and, in particular, traditional cooperatives have strong networks and lobby groups, the tenants' move-

ment is largely fragmented. The overall representation of tenant organizations is one of the few grassroots social movements in present-day Poland, but has limited articulation possibilities compared to the other organizations and the government. It concentrates relatively unsuccessfully on influencing housing policy, but it has a greater impact on issues of civic representation, in particular with regard to tenancy law and the avoidance of evictions and homelessness.

2.11.7 Energetic efficiency: basic features and trends

Between 1996 and 2010, the housing-related energy efficiency index in Poland improved by 34 per cent, mainly as a result of improvements in the housing stock. An important role is played by the energetic renovation of buildings with private residential property and the larger landlord organizations, especially in the municipal and cooperative sector. In the existing holdings, thermal insulation and modernization of the energy supply, including the conversion of energy sources, were the main fields of action, which were promoted by different public programs. They were adopted by municipal owners and cooperatives rather than by private owners. However, starting with the global financial crisis and because of the increased need for space for well-off social groups, a significant downturn in savings has been noted since 2003.

Since the end of the last decade, the promotion of energy efficiency has undergone a major transformation from direct grants to owners (and limited tenants) to subsequent grants for energy efficiency and renovation measures that cannot be refinanced economically.

2.12 Scotland country profile³⁸

Table 12: Basic information Scotland

Indicator	Value
Proportion of rental housing stock	34.4%
Proportion of rental housing stock in the free market	12.1%
Proportion of social housing stock	22.3%
Population ³⁹	5.35 Mil.
Median annual net income per person (EUR) ⁴⁰	18,694

2.12.1 Basic features of the national housing system

In Scotland, an independent part of the United Kingdom, 5.35 million people live in about 2.5 million homes, 2.4 million of which are permanently inhabited, which corresponds to the number of households in Scotland. 34 per cent of the housing stock is rented, with approximately two-thirds of all rented apartments being allocated to the social housing stock. As a result of the financial crisis in 2012, the growth in housing stock that has been recorded for decades has declined to only 0.5 per cent per year. In the case of population growth, on the other hand,

³⁸ Principle data sources for Scotland:

- Jordan, M. (2013b).
- Jordan, M. (2013b).
- Scottish Federation of Housing Associations, Shelter Scotland, Association of Local Authority Chief Housing Officers (2013).
- The Scottish Government (2014).

³⁹ The population of Scotland is based on data from the Office for National Statistics (Mid 2014 Population Estimates).

⁴⁰ This value applies to the whole of Great Britain and not only to Scotland.

growth is expected to continue after a shrinking period up to about 2005, which will have an impact on the housing markets.

With a continuing trend towards larger dwellings, the average housing size today is 84 m², equivalent to 2.3 homes per capita.⁴¹ 60 per cent of dwellings have four and five rooms, with larger apartments being the property of larger condominiums and of private landlords. 3 per cent of dwellings are considered to be deficient. These dwellings are most common among privately leased dwellings (20 per cent), while rented condominiums are rarest as substandard at 1.5 per cent.

The state housing policy and promotion of housing showed a largely similar structure to that in England over a long period, and the housing construction programs focused long on the municipal housing construction. Thus, in 1981, less than 40 per cent of housing was owner occupied. This share has risen to 64 per cent in the wake of the change in the state's new funding and the right to buy its own municipal housing from 1979 to 2012. This number then fell slightly in the following years.

As in England, the right to acquire one's own apartment has led to a significant change in the housing system, so the differences between the two countries are not particularly significant in relation to the ownership structure. Differences are more likely to be seen in the appearance and image of certain types of housing, such as storey and rented apartments, which in Scotland generally have good reputation.

With the shifting of decisions from the central government in London to the sub-states of Scotland, Wales and Northern Ireland since 1992 (devolution), a stronger independence of Scottish housing began. Since 2012, the housing and social ministries have been jointly managed, while urban development has been allocated to another ministry (infrastructure, investment and cities).

2.12.2 Typology of rental buildings

The current housing stock in the urbanized regions arose during several waves of industrialization. Initially, before the First World War, apartment buildings were developed by private builders, while the inter-war period was characterized by municipal construction of two-family houses in industrial agglomerations. The extensive urban renewal of the 1970s and the extensive new construction after 1982 led to an expansion of terraced housing estates, but in the large cities also to massive large settlements with residential houses, which were built mainly within the framework of municipal housing construction.

The proportion of apartment buildings in Scotland, especially in urban agglomerations, is well above that in England. The distribution comprises 22 per cent of dwellings in single family homes, 23 per cent in double houses, 19 per cent in low-floor row houses and 34 per cent in storey houses. Storey apartment buildings are predominantly from the period before 1919 and from the period of urban renewal of the 1950s to the end of the 1970s, which was aimed at the reduction of the inner city slums. The high-rise housing estates built between 1950 and 1970 are now considerably reduced by demolition. In the larger cities, new buildings, similar to those in England, are now often built in mid-rise blockhouses, often on attractive industrial trams.

Significant differences can be observed between the Scottish regions. Glasgow still has a high proportion of high-rise buildings with 69 percent and Edinburgh has 60 percent, while in contrast, double houses and single-family houses are predominant mainly in the urban surroundings and in the rural regions. The proportion of dwellings from the post-war period is relatively high. 19 per cent of the stock came from before 1919, while 69 per cent were built between 1945 and 1982 and a further 20 per cent after 1982.

⁴¹ Reliable data on the living space per person is not available.

2.12.3 Trends in housing policy and supply

In 2011 the Scottish government introduced a "radical action plan"⁴² for the development of housing for the decade to 2020. All sectors of housing are to be "fit" for the 21st century despite the effects of the financial crisis and the limited budget allocations of the central government. The agenda includes new building targets for 2020, to ensure everyone an affordable and fault-free dwelling, as well as concrete targets for the development of new buildings. By 2020, the new energy standards are projected to lead to a reduction in energy consumption of 12 percent and climatic damage by 42 percent. At the same time, all social housing must comply with the Scottish House Quality Standard (SHQS) by 2020. Energy certificates have been mandatory for sale or rental since 2008. The agenda also includes detailed proposals for all housing actors, as well as the needs of a growing, diversified and aging society. Revolving funds for the financing of new construction and quality adjustment, new forms of ownership and rent, taking account of cooperative elements, as well as new forms of the integration of construction companies and banks, are intended to help achieve these goals in a cost-effective manner.

In the strategic orientation towards 2020, a further focus will be laid on cooperative ways to boost new construction and renovation. In particular, the needs of the disabled and the elderly should be taken into account. The Scottish government considers it particularly important to ensure that everyone has a "warm and comfortable home, whether as an owner or a shareholder, for private leasing or for a social housing enterprise" within the framework of quality improvement measures.⁴³

2.12.4 Rental markets

In 2012, 66 percent of households (1.6 million) were owner occupied. 22 per cent (532,000 households) lived in social rental housing and 12 per cent (288,000 households) in private rented apartments, the type of housing that recorded the fastest growth during the last decade. In fact, the private leasing sector has doubled over this period, albeit at a low level.

The initiatives of the Thatcher era to privatize tenants' housing in communal and other social housing associations comparatively early in Scotland was critically and finally abandoned in 2014. After a long period of decline, the current social housing stock will be maintained and—due to new construction—will probably rise again in the future. The government justifies this with the risk of a further resignation of the rental housing market. While the inhabitants of municipal and other social housing units reflected Scottish society in terms of socioeconomic status and budgetary structure in 1981, the socioeconomic disadvantaged groups are now finding themselves in municipal and other social housing stock. While home ownership, for example, is the predominant form of housing in most social groups, single-parent households live mainly in rented apartments.

Access to condominiums and other social forms is limited, as in England, by waiting lists according to certain locally different criteria of need. At present, more than 200,000 apartment seekers are in this holding loop, slightly less than in the previous years.

Rented housing has a long tradition in Scotland and is not stigmatized, as is seen from the partly highly problematic construction of buildings during the period between the 1950s and 1970s. Particularly in the large cities, living in storey buildings cuts across social class, and the attractiveness of new storeys with rental or condominiums can follow this tradition. Social housing, in contrast, often has a bad reputation and has a tendency of stigmatism.

⁴² Scottish Government (2011).

⁴³ Scottish Government (2011).

2.12.5 Excursus on national tenancy law

Today, the Scottish tenancy law system is characterized primarily by the Housing (Scotland) Act 1988 and the Housing (Scotland) Act 2001. In the case of letting by private providers to market rents, "short assured tenancies" with a usual term of six months to one year are just as important as in England. Landlords of social apartments generally awarded "Secured tenancy agreements" (Scottish assured tenancies) with a long term. On the whole, however, Scotland is characterized by a low degree of security of tenure.

2.12.6 Networks of actors active in rental housing

Since devolution, the Scottish government has been directing an inclusive housing policy debate among all the actors, which has set itself the goal of bringing about diversification by 2020 by the needs and potential of all tenures types. In addition to the Ministry, the associations of social housing associations and cooperatives are involved in this discourse, as well as associations of owner occupiers as well as professional landlords, professionals (for example architects), financing banks and savings banks as well as the construction industry. Homeless organizations are also active participants in discussions regarding energy poverty.

2.12.7 Energetic efficiency: basic features and trends

In recent years, Scotland has developed an increasingly independent energy efficiency policy. In doing so, references to profitability are also presented to tenants and to climate protection. Behavioural changes on the user side and corresponding information strategies are of central importance in addition to the promotion of structural measures, whereby non-profit and municipal providers are to take a pioneering role. There is an action program (Energy Efficiency Action Plan for Scotland) with verifiable targets for individual thematic projects in the housing sector. By 2020, 12 per cent of the primary energy expenditure is to be saved in this way.

2.13 Sweden country profile⁴⁴

Table 13: Basic information Sweden

Indicator	Value
Proportion of rental housing stock	34.3% ⁴⁵
Proportion of rental housing stock in the free market	-- ⁴⁶
Proportion of social housing stock	-- ⁴⁷
Population	9.64 Mil.
Median annual net income per person (EUR)	26,414

2.13.1 Basic features of the national housing system

In Sweden, 9.64 million people live in about 4.6 million households and about 4.5 million dwellings.⁴⁸ Approximately 41 percent of households live in rented dwellings, 20 percent in predominantly property-oriented housing cooperatives and 34 percent in residential property. 5 percent live in apartments under other legal regimes. Population and housing are very unevenly distributed. 85 per cent of the population live in the Stockholm region and the southern coastal areas, while the population in the country's interior and the north concentrate on a few centres with very low density. The rapid increase in the number of apartments since 1990 has not led to a relief in the housing market in the agglomerations due to the simultaneous tendency towards budget reduction. There is an urgent need for more than 150,000 dwellings for major cities and universities in the south.

The quantitative housing supply represents an average housing size of 92 m² and 4.5 rooms plus kitchen. As a result, the average residential area of 42 m² is higher than in Europe. Having almost 100% of Swedish apartments have technical facilities, the focus is on accommodating the aging society and on energy renovation. Swedish dwellings have a very high standard of quality and particularly a good state of preservation.

Historically, housing provision was largely deficient due to rapid population growth and concentration in the industrialized regions until the end of the first half of the 20th century. Overcrowding and poor housing quality of the workers' housing estates were notorious until the Swedish model of social housing construction, which was to be open to all population strata, became established in the 1930s. By the end of about 1970, the largest demand had been covered by extensive state programs at the core of housing development in the population centres ("Millennium Program" 1965 to 1975) mainly by non-profit housing companies and the support of home ownership through tax breaks. There was then a renewed increase in demand as a result of economic upswing. Not only the market responded to this, but also government subsidy programs, in particular through interest subsidies for new construction projects.

⁴⁴ Principle data sources for Sweden:

- Bååth, O. (2014).
- Ralli, T. (2014c).
- Svensson, E.; Nilsson, L.; Haraldsson, M.; Gustafsson, A. (2012).
- McCormick, K.; Neij, L. (2009).

⁴⁵ There is no distinction between 'market-rent' and 'below-market-rent' in the statistics, since there is no 'social housing' in Sweden as a special housing form, and private leases tend to be closely linked to municipal rents. About half of the rented housing is owned by municipal housing companies, whose task is to provide housing for low-income or needy households.

⁴⁶ Ibid.

⁴⁷ Id.

⁴⁸ The data includes uncertainties. In Sweden, the last comprehensive census took place more than 20 years ago. Largely unrelated individual case statistics are published.

The so-called "Millennium Program" (1965-1975), which was concerned mainly with the existence of substantial housing projects in the cities, initially met with the approval of broad populations, but was increasingly rejected because of the rather small dwellings and urban bourgeoisie monotony. Today, these populations often harbour poorer population groups, often with a migration background.

In the following economic crises, which were associated with rising unemployment, many disadvantaged settlements developed into social problem areas—also because housing in new small-scale settlements for rent or residential property became affordable for the lower middle classes. The increased social-territorial segregation finally led to the principle of provision of housing; the objective of all social-democratically influenced governments was that of housing and social policy, which the conservative governments also largely supported. Since the greatest pressure on the housing market had been reduced in the 1970s, the state subsidy for the improvement of existing buildings turned to extensive redevelopment projects.

While the financing of new construction and, to a large extent, the improvement of existing buildings after 1945 was mainly carried out by means of promotional loans, these were mainly replaced by interest subsidies from 1974 onwards, the aim of which was to reduce the cost rent of the buildings. Since 1992, almost all funding has been carried through the capital market, with a state guarantee partly reducing the interest rate. Since 2006, there are no direct object-based subsidies.

Since private and public housing stock are to be available to different social levels, there are income-related and life-dependent housing subsidies which depend on the chargeable housing costs. Retirees and households with several children are the largest recipients of these grants. In principle, housing assistance is available to both owner occupiers and renters, but the actual beneficiaries are mainly renters.

2.13.2 Typology of rental buildings

The Swedish housing stock is divided into 2.5 million predominantly urban apartment buildings and 2 million dwellings in detached houses and two-family houses. While the rural regions are characterized by smaller types of buildings and often single and row houses, the agglomerations are dominated by apartment buildings. Older dwellings and those built after 1990 are often residential blocks, whereas in the decades before line construction was predominant. With the exception of the residential buildings of the Millennium Program, storey buildings rarely have more than six floors. The buildings of the Millennium Program, which still characterize peripheral neighbourhoods in spite of small-scale additions, are mostly massive agglomerations of stable, industrially constructed residential blocks, which have often already been improved several times in order to ensure their marketability and the quality of the neighbourhood in the future.

2.13.3 Trends in housing policy and supply

With the introduction of a privatization wave at the beginning of the 21st century, a change in the Swedish housing supply philosophy is being established. On the one hand private landlords sold stocks in the face of a changed demand climate. On the other hand, the rules for municipal housing companies were geared more towards socio-political objectives for reasons of subsidies. In addition, the development of residential property is particularly favoured by other tax forms. Since tenants of public housing stock have been able to acquire their former rented housing, mainly in the form of cooperative property, the rented housing stock has shrunk significantly, most favourably. There is now increasing pressure on the remaining public rental housing stock to include people in housing situations often associated with social problems. Particularly in the agglomerations, the actual emergence of a residual public social housing stock is to be noted, especially since the public owners are not in a position to compensate for privatization losses.

2.13.4 Rental markets

In Sweden, about 1.8 million households live in rented dwellings, with the privately rented share shrinking and accounting for only 23 percent of the total number of rented apartments in 2005. In addition, there are a small number of tenant-like cooperatives. So far, the basic principle of the open access Swedish rental housing system has remained unchanged. So far there has been no restriction to certain groups or high income regulations for publicly subsidized rental housing stocks. However, given the privatization offerings and the increasingly pooled market for residential property, this open access creates a sustainable entry into renting for poorer population groups, while it is increasingly regarded as an intermediate stop for homeowners.

A special feature of Swedish rental agreements is that operating and heating costs have been included in a gross rent for many rental agreements. For example, tenant organizations are expected to see a significant increase in these gross rents in the context of the implementation of the state and European energy efficiency regulations in the new building and in the existing buildings. The introduction of individual measuring systems (hot water, heating) is regarded as a socially problematic cost factor. In view of the efficiency increases planned by 2050 (reduction of primary energy demand by 80 per cent), the tenant organizations expect that the necessary rent increases will lead to a hitherto unknown energy poverty in large parts of the population, in particular in the case of tenants.

Historically, renting a dwelling has long been regarded as financially attractive compared to home ownership. However, public opinion has changed in recent years, as the acquisition of home ownership is considered more favourable due to low interest rates. On the other hand, there is hardly any social stigmatization of rental income.

In the case of tenants, the monthly net cost of living is about 25 percent of the income, which increasingly is comparatively expensive for tenants who do not have housing subsidies.

2.13.5 Excursus on national tenancy law

Swedish tenancy law is governed by Chapter 12 of the Act on Real Estate of 1970 (Jordabalken). Swedish law clearly distinguishes between private and municipal tenancy. However, the legal structure, in particular the permissible rental rate for the conclusion of the contract, is practically the same, which is why a single leasing market is often spoken of. Since the 1970s, rents have been defined annually in collective agreements between landlord and tenant associations for public and private stocks at local level. Disputes are decided according to the same principles by special rental courts. Lease contracts usually have a term of one year in the private as well as in the public sector, but are automatically extended thereafter, as long as no undisputed rental liabilities have occurred or the conduct of the contract is judicially contravened. Termination is severely restricted and termination by the landlord is generally not permitted. Overall, Sweden is characterized by a high degree of security of tenure.

2.13.6 Networks of actors active in rental housing

Also due to the collective arrangements for the development of tenancy and tenancy rates, the formal relations among the actors in the housing sector and the informal housing policy networks are of great importance in Sweden. The most important partners are the trade union association with more than half a million members, the associations of private and municipal owners and the association of housing cooperatives. In addition to its lobby function, the tenant association provides rental-related services to members and also represents them before the rental courts. Since 1983, the Swedish tenants' association has also played a leading role in the International Tenant Association (IUT). SABO, the association of public owners, represents almost 20 percent of the total housing stock.

These organizations are taken into account in legislative procedures and other country-wide regulations as statutory process participants, with the result that many regulations are adopted in an inter-agency consensus.

2.13.7 Energetic efficiency: basic features and trends

As a result of climate change, Sweden traditionally has a relatively good starting position with regard to the energy efficiency of the housing stock. However, this has been partially offset by the fact that energy has been provided under the public interest—without individual consumption measurement. This has changed in the past three decades, with the energy sector—and in particular the supply and settlement of energy in the housing sector—being redesigned according to market principles. The implementation of energy policy is stimulated by a tax burden on high CO² emissions as well as by national and local energy efficiency agencies.

In the housing sector, an increase in efficiency has been recorded by 33 per cent since 1990, and since 2000 by 17 per cent, with a share of 40 per cent of the total energy consumed by housing consumption. On the one hand, stricter requirements for new construction and renovation played a role, on the other hand so-called joint "technology purchasing projects" by tenants and landlords, which had a price-cutting and energy-saving effect. In general, there is the expectation that mandatory energy renovations will be transferred onto the consumer through legislation, while it remains the state's responsibility to provide tax incentives and provide information. In addition to improved thermal insulation, the conversion of primary energy supply plays an important role. District heating, electricity and especially heat pumps (45 per cent of one and two family houses are equipped with this) have gained importance, whereas individual heating systems based on heating oil have lost their importance.

Sweden has been pursuing a comparatively consistent energy saving and climate policy since the 1970s. While this has led to nationwide successes in the energy efficiency of residential buildings and settlements, various individual measures, such as the change from a dwelling-unit to a building-oriented view, have also proved problematic and—due to their technical and legal overcomplexity—led temporarily in the 1990s to a weakening of efficiency.

Since 2006, high standards have been generally applied to new buildings and to larger building works. These initially differed only between a southern and a northern climatic zone; a third central zone was introduced. In these regions climate-optimized energy balancing models are applied. A component-oriented approach remained permissible only for smaller buildings.

While a continuous process of energetic optimization has taken place over a long period of almost 40 years on the building level, the individual consumption of residents (tenant and tenant) is still disproportionately high, which is why in practice the previous inclusive rents are held responsible. In the meantime, comprehensive policy campaigns are also pursued to actively encourage residents' to practice energy saving use of their dwellings.

2.14 Switzerland country profile⁴⁹

Table 14: Basic information Switzerland

Indicator	Value
Proportion of rental housing stock	63.2%
Proportion of rental housing stock in the free market	52%
Proportion of social housing stock ⁵⁰	9%
Population	8.14 Mil.
Median annual net income per person (EUR)	40,791

2.14.1 Basic features of the national housing system

In Switzerland, around 8.14 million people live in a total of 4.1 million dwellings. Due to a high supply of dwellings, only about 3.5 million of these are permanently inhabited. The share of rented dwellings is over 60 percent, which is the highest proportion among all countries under review. Of these, 6 per cent can be described as social dwellings with rents below the market level. The population in Switzerland is increasing by about 85,000 per year, while about 45,000 new dwellings are being completed annually. There are 520 apartments per 1,000 inhabitants.

Residential space per person increased by 10 m² between 1980 and 2000 and is at the top in Europe with 44m². The statistics also indicate that the average residential space in rented dwellings and in urban areas is comparatively lower. The quality of accommodation is generally very high, and rental dwellings reach a similarly high standard as owner-occupied dwellings.

In Switzerland, housing provision is traditionally viewed primarily as a task for the private sector, with a wide range of small private landlords and large institutional providers. Starting in 1975, housing construction was promoted at the national level within the framework of the Housing Development and Property Promotion Act (WEG). 107,000 subsidized dwellings, about one third each in the property segment, were created in the area of private rented dwellings and as social dwellings. The reorganization of about 20,000 dwellings of non-profit organizations was also supported by loans. As a result of a real estate and economic crisis at the beginning of the 1990s, the government incurred unplanned costs, among other things, by credit losses, guarantees and rental losses.

The WEG expired in 2001 and was replaced by the Federal Law on the Promotion of Low-Cost Housing (WFG). In addition to the promotion of property development, the explicit objectives of this program were, above all, the subsidization of rented housing for low-income households as well as subsidies for new construction by means of publicly-oriented institutions (social housing). However, the direct promotion of property development and restoration was initially suspended as a result of budget cuts and finally abolished entirely in 2007 by the Swiss Federal Council. This means that at the national level only the support of non-profit organizations remains, such as cooperatives and foundations active in housing construction for groups with special housing needs. At the municipal

⁴⁹ Principle data sources for Switzerland:

- Barnetta I.; Gerber, D. S. (2011), S.54-58.
- Bourassa S. C.; Hoesli, M. (2010).
- EnergieSchweiz (2015).
- Hofmann, R.; Cornelius, J. (2014).
- Schmid, C. (2014).
- Statistik Schweiz (2015).
- Van Wezemaal, J. E. (2009).
- Wehrmüller, A. (2014).

⁵⁰ Includes communal housing and subsidized housing with special occupancy commitments.

level, there are isolated initiatives for the promotion of property, such as Berne (560 social housing estates), Geneva (5,000 social apartments, which are let to income) and Zurich (subsidized building land for social housing).

The support of low-income households in the provision of housing is largely organized by means of subject-related subsidies in the context of social assistance. This task is located at the cantonal or communal level. Rental allowances are paid according to need; there are no separate subsidies outside the general welfare system, which is based on a minimum subsistence level—similar to the system in Germany. In 2011, around 4 per cent of all households received social assistance, whereas in the group of single parents, it was over 17 per cent.

2.14.2 Typology of rental buildings

Switzerland is a country with rather small residential buildings outside the larger cities. Two-thirds of single-family homes are located among the residential buildings without secondary use. In multi-family houses, about 35 per cent have two dwellings and half of apartment buildings accommodate between three and nine apartments. Approximately two-thirds of all tenants live in a multi-family house, with only 14 per cent being owner occupiers.

Every fifth house in Switzerland was built before 1919. As a result of a low level of damage to buildings during the Second World War and a generally stable construction activity in the aftermath, there is an extensive stock of old buildings. Owner-occupied dwellings are on average slightly younger (25 per cent built after 1990) than rented dwellings (15 per cent built after 1990).

2.14.3 Trends in housing policy and supply

The Swiss Federal Statistical Office estimates⁵¹ that by 2030, the number of households will increase 20 per cent and the resident population will increase by 9 per cent. In addition to a decreasing household size, the migration balance is a major factor influencing population development and housing supply. Migration policy is a much-discussed political issue in Switzerland. As a result of Switzerland's accession to the EFTA in 2002, immigration from EU Member States increased. On average immigrants have high education and income. This increased the demand in the high-price segment and led also to increases in rent in more favourable rented apartments due to demand. In February 2014, the popular initiative of the right-wing populist SVP was adopted to "counter-mass immigration", which could lead to a change in the Swiss migration policy with an impact on the housing market.

In general, the housing market has tight for a long time. The vacancy rate has risen very slightly since 2009 and is currently only just over 1 per cent, and thus below the usual vacancy rate caused by the fluctuation of residents.⁵²

Especially in the big cities there is a lack of affordable housing. In part, local initiatives are trying to counter this. The city of Geneva has set the goal of increasing the proportion of municipal housing to 20 per cent, and the city of Zug has reserved 50 per cent of new construction for affordable housing.

2.14.4 Rental markets

About 60 per cent of Swiss households rent their dwelling. The rental housing market comprised 2.1 million dwellings in 2012 and can be divided into three sectors:

- Every second dwellings is privately rented at market rates. This corresponds to more than 90 per cent of all rented dwellings.

⁵¹ Estimate from 2014 and before the adoption of the mass immigration initiative.

⁵² Usually assumed to be ca. 2 to 2.5 per cent.

- Nearly 6 per cent of all rented dwellings are in communal hands and are rented as social dwellings at special conditions. There are great differences between rural and urban regions. In Zurich, for example, one in four dwellings was managed and rented by the municipality in 2009.
- A further 3 percent of housing is rented by cooperatives and other non-profit-oriented organizations. These benefits are partly derived from indirect or direct state support within the framework of the subsidy programs of the Federal Housing Act (WEG) and the Wohnungsförderungsgesetz (WFG). Due to the underlying cost-rent principle, rents are generally below the market level. The choice of tenants is often based on social criteria and on the basis of income.

Rent and owner occupation are distributed in different regions. While proportion of owner occupation is only 15 percent in urban cantons such as Geneva and Basel-City, it is more than 50 per cent in rural cantons such as Jura or Valais. The share of residential property has generally increased since the 1970s.

Switzerland has the lowest home ownership proportion in Europe. On the one hand, this is due to the fact that the purchase of condominiums has only been legally permissible in Switzerland since 1965. On the other hand, there is a well-functioning rental housing market, on which attractive living space is provided. Nearly a quarter of people living in Switzerland are also migrants, who live significantly more frequently in tenancy than in an owned dwelling. In 2011, only 6 per cent of all condominiums belonged to non-Swiss, while 26 per cent of the rented housing was inhabited by this group. The acquisition of housing to let requires a long-term advance financing, which allows the high investments (shortage of building land, high construction costs) to be stretched over a long period of time. Even if renting is extremely widespread and by no means stigmatized, according to a 2002 survey, 73 per cent of residents prefer home ownership.

Housing costs represent an average of around 25 per cent of average household income. There are large differences in the individual income groups as well as between owners and tenants. In 2012, 12 per cent of Swiss people spent 40 per cent or more on housing, in the case of renters the figure was 17 per cent.

According to a study from 2006, 70 percent of tenants surveyed stated that they were satisfied with the ratio between rents and residential quality. Investigations by the City of Zurich indicate that households with a migrant background pay on average higher rents for similar housing.

2.14.5 Excursus on national tenancy law

Swiss tenancy law is regulated by the provisions of Art. 253 et seq. of the Swiss Code of Obligations (OR). The rent is freely agreeable between the contracting parties within the limits of a general adequacy clause, and rent increases are also possible in the case of indefinite contracts at the next possible termination date, in practice normally on an annual basis. In the case of fixed-term contracts, a one-sided rent increase is not permitted. Termination must not be abusive, but it does not require a special reason. However, terminations without such reasons are not frequent due to the large number of professional landlords and house administrations with transferred landlord powers. On the whole, Swiss tenancy law is characterized by a low degree of security of tenure.

2.14.6 Networks of actors active in rental housing

Housing and rental policy actors are present in Switzerland at all levels and for all groups. They participate in the housing policy discourse in the municipalities, in the cantons and in the federation, and offer counselling and representation services to their members. They are increasingly involved in informal ways in housing and energy policy legislation.

The Swiss Tenants' Association is the largest organization on the part of tenants with more than 200,000 members, who also benefit from rent-related legal protection.

On the owners' side, the Swiss homeowners' association (HEV) stands for the private landlords, offering comparable services and lobby functions. It represents 310,000 members in German-speaking Switzerland alone. In addition, smaller organizations are involved, e.g. the non-profit-making cooperatives and the cooperatives active in housing construction and administration in housing policy debates.

2.14.7 Energetic efficiency: basic features and trends

At present, almost 50 per cent of Swiss primary energy consumption is spent on buildings. 30 percent accounts for heating, air conditioning and hot water, and 14 percent for electricity.⁵³ With less than one per cent of energy improvements in the housing stock per year, the actual situation is clearly below the targeted numbers. So far, the focus has been on energy saving measures, with domestic wood and the exchange of windows playing an important role.

The federal government, the cantons and municipalities are responsible for the energy and energy efficiency policy within the framework of the constitution. At the federal level, attention is drawn to the fact that Switzerland is in a climatically challenging position. The country will have to deal not only with problems of high greenhouse gas emissions, but also with a scarcity of available energy. In the argumentation at the federal level, it is clearly shown that a reduction in energy consumption not only helps to counter global warming but also reduces the energy shortage in Switzerland and thus the reduction of external dependency.

Energy policy is largely based on market-based instruments. One focus is on research at federal level on energetic innovations in the construction and renovation of dwellings as well as implementing the results into practice. In doing so, networks of transnational activities are promoted.

The increase in energy efficiency is seen as the most important tool to reduce energy consumption without sacrificing benefits. In this sense, the Swiss Federal Office of Energy (SFOE) supports the development, dissemination and application of technologies for increasing energy efficiency, as well as measures that counteract the information deficit in households and the economy with regard to energy efficiency. In addition, the SFOE contributes to the promotion of energy production from renewable resources in order to cover the remaining energy demand in the future in a substantial way.

⁵³ The remaining 4 percent are attributable to the "production and maintenance" of buildings.

3 Impact of EU legislation on tenancy law

In the European Union, the "right to energy efficiency" has for many years developed into a key pillar of energy and environmental and climate protection policy, which is also expected to provide added value in energy supply security. The energy efficiency right in general supplements the current energy supply, especially on the demand side, but overlaps with already established areas of energy environmental law and emanates in numerous other areas of law, including construction and tenancy law.⁵⁴

The central legal basis of the Energy Efficiency Law in primary Union law is Article 194 of the Treaty on the Functioning of the European Union (TFEU), which explicitly mentions the promotion of energy efficiency and energy renovation as the objectives of the European Energy Policy. Literally, it says in paragraph 1 (excerpt):

"The Union's energy policy, in the spirit of solidarity between Member States, shall pursue the following objectives in the context of the achievement or functioning of the internal market and taking into account the need to maintain and improve the environment:

(...) c) promotion of energy efficiency and energy saving, as well as the development of new and renewable energy sources (...)"

Pursuant to Article 194 (2) TFEU, without prejudice to the application of other provisions of the Treaties, the European Parliament and the Council shall adopt the measures necessary to achieve the above objectives of increasing energy efficiency and energy saving. As a measure to promote energy efficiency, all acts which increase the efficiency of the use of energy or lead to the saving of energy are to be considered.⁵⁵ Measures to save energy can also be measures which are independent of the degree of efficiency, for example, by improving the information provided to consumers on energy efficiency measures, the saving effect of which can be achieved through a change in user behaviour.

Across the whole of EU law, more than forty-five EU legislative measures currently have direct or indirect influence on tenancy law. However, only a few directives and regulations have direct and immediate effects on national tenancy law, such as rules concerning the law applicable to international rental contracts⁵⁶, the effects on insolvency proceedings⁵⁷ or the law applicable to leases or the international jurisdiction in tenancy disputes⁵⁸.

Most of the relevant EU directives and regulations have only indirect influence on national tenancy law. This applies, in particular, to Union-wide requirements for the construction and equipping of residential buildings which, for example by the standardization of certain requirements for the determination of the total energy efficiency of

⁵⁴ Pielow (2010): 115; on the development of specific EU law requirements for energy efficiency in buildings cf. e.g. Müller-Kulmann, W.; Stock, J. (2013).

⁵⁵ Nettesheim, M. (2015).

⁵⁶ Art. 4 para. 1 lit. C, d, Article 11 (5) of Regulation EC No 593/2008 "Rome I-VO".

⁵⁷ Art. 8 Regulation EC No. 1346/2000 "EUInsVO".

⁵⁸ Article 22 (1) (2) Regulation (EU) No 1215/2012, "EuVVO".

As a further example, in the area of housing, and thus also in tenancy law, the negative freedom to conclude contracts for "publicly available" dwellings is limited by the anti-discrimination directives (discrimination prohibition on grounds of sex, racial or ethnic origin) in general contract law (Directives 2000/43 / EC And 2004/113 / EC). An extension of the prohibition of discrimination on religion or belief, disability, age and sexual orientation has also been discussed at European level for some time, but the Commission proposal (COM (2008) 426 final) is currently not politically feasible due to the unanimity requirement for anti-discriminatory directives in the Council. Individual Member States have, however, transposed the current minimum harmonizing directives to such an extent that they already meet the requirements of the Commission proposal in the field of tenancy law, such as Germany with the General Equal Treatment Act of 14 August 2006 (Federal Law Gazette I, p. 1897), most recently by Article 8 of the Law of 3 April 2013 (Federal Law Gazette I, p. 610). In the area of the consumption contract, inter alia, the clause control in the case of standard contracts (AGB) by Directive 93/133 / EEC or the influence of the European right of fairness (in particular directives 2005/29 / EC and 2006/114 / EC) Houses and apartments, which particularly concern the advertising and marketing of rented properties.

residential buildings or parts of residential buildings, or by certain minimum standards for construction products or furnishings; but this also applies to Union legislation on energy efficiency.

First, the direct impact of EU law on tenancy law with regard to the energy efficiency of rented property (3.1) is investigated in more detail. The most important indirect effects of EU law on energy efficiency of rented housing are then presented (3.2).

3.1 Direct impact of EU law on tenancy law with regard to the energy efficiency of rented property

Directive 2010/31/EU of the European Parliament and of the Council of 19 May 2010 on the total energy efficiency of buildings (formerly Directive 2002/91/EC), the information requirements Directive, directly impacts the design of the energy efficiency legislation in tenancy law in the form of energy certificates on the overall energy efficiency of buildings or parts of buildings⁵⁹ at the time of a new rental. The objective of this Directive is to improve the overall energy efficiency of buildings, taking into account local and climatic conditions as a contribution to the achievement of international and European climate protection targets.

In Article 11 (1), Directive 2010/31 / EU requires Member States to establish the necessary measures to establish a system for the production of information cards on the overall energy efficiency of buildings. The identification must include specific information on the overall energy efficiency of buildings and reference values, including minimum requirements on overall energy efficiency, to enable owners or tenants of buildings or buildings to compare and assess their overall energy efficiency. This can include additional information such as the annual energy consumption of non-residential buildings and the percentage share of energy from renewable sources in total energy consumption.

According to Article 11 (2) of Directive 2010/31/EU, the card must contain recommendations for the cost-effective improvement of the overall energy efficiency of the building or parts of the building which relate to measures relating to a major renovation of the building envelope or building systems, such as measures for individual building components carried out independently of a major renovation of the building envelope or building systems, unless there is no reasonable potential for such improvements (for details, see Article 11 (2) to (4) of Directive 2010/31/EU). In addition, the cards contain an indication of where the owner or tenant can obtain more precise information, including the cost-effectiveness of the recommendations contained in the card (Article 11 (4) of Directive 2010/31 / EU).

Member States must ensure that an information card is issued on the basis of Article 12 (1) and (2) of Directive 2010/31/EU on the total energy efficiency of buildings or parts of buildings rented to a new tenant, and that copy or a copy thereof Potential tenant and handed over to the new tenant. In addition, the indicator of total energy efficiency, which is indicated in the total energy efficiency certificate of the building or part of the building, is also to be mentioned in the renting of buildings and parts of buildings for which there is an identification, also in the case of rental advertisements in commercial media (Article 12 para Of Directive 2010/31 / EU).

The individual Member States have a wide margin of implementation beyond the minimum content of the information card and the subcontractor's obligation to submit. Possible civil law effects of the information cards are

⁵⁹ It should be noted here that in Germany the information card is aimed only at the total energy efficiency of buildings and not for individual dwellings (as building parts). In implementation of Art. 4 of the Directive 2010/31 / EU in other Member States, however, only a part of housing as a part of a building is to be considered pursuant to Article 1 (2) (8) of Directive 2010/31/EU.

governed by national law in accordance with Article 12 (7) of Directive 2010/31/EU.⁶⁰ The Member States therefore have free access to the principle of equivalence and effectiveness within the framework of the general provisions of the Union.

In contrast to the EU Member States, Switzerland requires only a voluntary commitment by the building owners to issue a so-called "building energy certificate of the cantons" on the basis of the cantonal model regulations in the energy sector from 2008 (MuKEEn).⁶¹

3.2 Indirect impact of EU law on tenancy law with regard to the energy efficiency of rented property

In the following, further provisions of the Building Directive 2010/31 / EU (3.2.1) and the Energy Efficiency Guideline 2012/27 / EU (3.2.2) relevant for tenancy law are presented in detail before a cursory outline of further Directives that impact the energy efficiency of rented housing (3.2.3). However, in the course of the further investigation in chapters 4 and 5, no further treatment of energy efficiency rules for furnishing articles is dispensed with since these are not part of the research of this work.

3.2.1 Directive 2010/31/EU of the European Parliament and of the Council of 19 May 2010 on the total energy efficiency of buildings

Directive 2010/31/EU of the European Parliament and of the Council of 19 May 2010 on the total energy efficiency of buildings includes, in addition to regulations on energy certification, which directly affect national tenancy law, also regulations on the energy efficiency of new buildings and existing buildings. The technical requirements, which are primarily to be taken into account in the case of new buildings, result in costs which, depending on the design of the national rental and subsidy law, have an indirect effect on the rental supply and the rental prices. At the same time, the requirements have a cost-reducing effect on heating and, if necessary, hot water costs. However, a Member State is required only to establish minimum requirements for the overall energy efficiency, which are cost-effective over the estimated economic life of a building ("Efficiency", cf Article 4 para 1 S 5 of Directive 2010/31/EU).

Directive 2010/31/EU does not lay down a uniform level for the energy efficiency of buildings throughout the EU but merely standardizes a common general framework for a method for calculating the integrated energy efficiency of buildings and the application of the minimum requirements obtained by this method. Member States may differentiate between new and existing buildings and different building categories when defining their requirements (Article 4 of Directive 2010/31/EU). While new buildings must meet the minimum energy efficiency requirements set by the Member States, to the extent that they are cost-effective, existing buildings are subject to an adaptation to the minimum requirements only under certain conditions (conditional requirements).

Therefore, the provisions of Directive 2010/31/EU do not require the Member States to introduce a general energy renovation obligation for existing dwellings. However, in the event that a major renovation or the installation or replacement of certain components of the building envelope is undertaken with an impact on the overall energy efficiency, compliance with minimum requirements for energy efficiency is also mandatory for existing buildings, provided that this is technically, functionally and economically feasible (Article 7 of Directive 2010/31/EU). Mem-

⁶⁰ Thus, the information card in Germany is merely informational in the sense of § 5a sentence 3 EnEG.

⁶¹ http://www.endk.ch/media/archive1/energiepolitik_der_kantone/muken/MuKEEn2008_df.pdf (31.08.2015).

ber States are in principle free to apply the minimum requirements to the renovated building or to the renovated part of the building as a whole and/or to the renovated building components. The above regulations apply regardless of whether the buildings are used by the owner or rented.

3.2.2 Directive 2012/27/EU of the European Parliament and of the Council of 25 October 2012 on energy efficiency

Directive 2012/27/EU of the European Parliament and of the Council of 25 October 2012 on energy efficiency requires the Member States to reach energy savings targets. This can also be done by increasing the energy efficiency of rented apartments.

In the building sector, Directive 2012/27/EU focusses primarily on the involvement of the public sector, which is a model for this purpose. The regulations for the public sector have no direct impact on the private rental market and are therefore not dealt with at this point.⁶²

However, Member States are required not only to establish a long-term strategy to stimulate investment in the renovation of the national stock of public buildings, but also to establish a long-term strategy to stimulate investment in the renovation of private residential and commercial buildings, pursuant to Article 4 (1) of Directive 2012/27/EU. According to Article 4 (2) of Directive 2012/27 / EU, this strategy essentially comprises:

- an overview of the national building stock (lit. a),
- the identification of cost-effective renovation concepts, depending on the building type and climate zone (lit. b),
- strategies and measures to stimulate cost-effective comprehensive renovations of buildings (lit. c),
- a future-oriented perspective to direct investment decisions by individuals, construction industry and financial institutions (d);
- a proof-based estimate of the energy savings and benefits to be expected (lit. e).

These national strategies were presented by the Member States in a first version as of 30.04.2014. Pursuant to Article 4 (3) of Directive 2012/27/EU, Member States are required to update their building renovation strategy every 3 years and submit it to the European Commission as part of the national energy efficiency action plans. According to point 16 of the recitals to Directive 2012/27/EU, national strategies are intended to provide general incentives for investments in the renovation of buildings. In addition, major cost-effective renovations are to be undertaken which will lead to a modernization and a considerable reduction in energy consumption as well as the total energy consumption of a building as compared to the pre-renovation costs and consequently to a very high overall energy efficiency. Such comprehensive renovations can also be performed step by step.

Member States are encouraged to create incentives, in particular for landlords and tenants of multi-party dwellings, in the area of existing buildings owned by private individuals in order to allocate costs and benefits of renovations in a fair and efficient manner.

⁶² Article 5 (1) of Directive 2012/27 / EU provides that from 1 January 2014, 3% of the total use area of heated and/or cooled buildings owned and operated by the central government of a Member State shall be renovated annually, in accordance with the minimum requirements for overall energy efficiency, as determined by the Member State concerned pursuant to the requirements of Article 4, Annex III of Directive 2012/27/EU. The 3% renovation rate is not compulsory since the Member States can also opt for an alternative approach (other cost-effective measures, for example, to change the behavior of the building users).

The central requirement for this is Article 19 of Directive 2012/27/EU. This article, headed "Other measures for the promotion of energy efficiency", reads as follows:

"1. Without prejudice to the fundamental principles of Member States' ownership and tenancy law, Member States shall, where necessary, take appropriate measures to remove legal and other barriers to energy efficiency, in particular as regards:

- the distribution of incentives between the owner and the tenant of a building or between the owners, in order not to discourage them from taking advantage of the investment individually or because of the lack of rules for sharing the costs and benefits Investment to improve the energy efficiency they would otherwise have done; This also applies to national rules and measures to regulate the decision-making of land with several owners
- (...)

Such measures for the removal of barriers may include the provision of incentives, the abolition or amendment of legal and administrative provisions, the adoption of guidelines and interpretative communications, or the simplification of administrative procedures. These measures may be combined with training and further training, the provision of specific information and technical assistance in the field of energy efficiency. "

According to Article 19 (2) of Directive 2012/27/EU, Member States are required to report on the assessment of these obstacles and on planned measures within the Commission's national energy efficiency action plans.⁶³

In the predecessor directives to the Energy Efficiency Directive, in particular Directive 2006/32/EC on energy end-use efficiency and energy services of 5.4.2006 and Directive 2004/8/EC on the promotion of combined heat and power cogeneration in the energy market as of 11.02.2004 provide a rule comparable to Article 19 of Directive 2012/27/EU.

In the Commission's proposal for Directive 2012/27/EU of 22.6.2011⁶⁴, the background of this regulation is summarized as the fact that further proposed measures involve a commitment by the Member States to remove energy efficiency barriers and to the distribution of incentives between the owner and the tenant. However, the Commission's proposal has been weakened in particular by the addition of the phrase "if necessary" in Article 19 (1) of Directive 2012/27/EU.⁶⁵

However, what obstacles remain for the Member States in this area and what measures are taken, if necessary, is up to them. For example, obstacles and measures in Germany, Austria, France and Finland will be described in more detail.

In the National Energy Efficiency Action Plan of Germany dated June 12, 2014⁶⁶, the old legal situation regarding the so-called heat contracting was reported as an obstacle to the Commission and §556c BGB was created by the Mietrechtsänderungsgesetz 2013 as a measure within the meaning of Article 19 para 1 lit. (A) of Directive

⁶³ These are available online for all Member States at <https://ec.europa.eu/energy/en/topics/energy-efficiency/energy-efficiency-directive/national-energy-efficiency-action-plans> (31.08.2015).

⁶⁴ KOM (2011) 370.

⁶⁵ In the Commission's proposal, the relevant Article 15 (1) is as follows:

"Member States shall take appropriate measures to remove legal and other obstacles to energy efficiency, in particular as regards:

(A) the sharing of incentives between the owner and the tenant of a building or between the owners in order to ensure that those parties do not benefit from the full benefits of the investment, or because of lack of the rules for allocating the costs and benefits are not deterred from making investments to improve the energy efficiency they otherwise would have done; (...)

These measures for the elimination of barriers may include the provision of incentives, the abolition or amendment of legal and administrative rules or the adoption of guidelines and interpretative communications. These measures may be combined with the provision of training, special information and technical assistance in the field of energy efficiency.

⁶⁶ Bundesministerium für Wirtschaft und Energie (2014).

2012/27/EU.⁶⁷ According to this provision, the tenant has to bear the costs of the heat supply as operating costs in a changeover of the heat supply for rented dwellings if the heat is supplied with improved efficiency either from a new furnace erected by the contractor or from a heating network and the cost of the heat supply after the conversion does not exceed the operating costs for the existing self-supply with heat or hot water.

In the Austrian Energy Efficiency Action Plan of April 2014⁶⁸, the Commission has not described any obstacles or measures in national tenancy law. However, the national reporters indicated the current legal situation regarding the amount of reserve allocations in the law on home ownership as an obstacle within the meaning of Article 19 para 1 lit. (A) of Directive 2012/27 / EU. As a measure for its elimination, the creation of a dispositive rule on the extent of reserve allocations is foreseen in the current legislative period up to 2017. The background to this problem is that the current legal situation did not require a certain amount of reserve allocations and the amount of the reserve could therefore be determined by the owner community itself. In Austria, the law-making process of the legislature was also hampered by the fact that decisions by owners regarding the mortgage guarantee of a restructuring loan can only be taken unanimously.⁶⁹

In the Energy Efficiency Action Plan of April 2014⁷⁰, France has described several legal measures that have led to the reduction of barriers to leasing, housing and building rights. This also included a measure of the cost sharing of the tenant after completion of the renovation work in order to give the owner of the property an incentive to undertake energetic renovations. Since the loi no ° 2009-323 of 25.03.2009, the owner has been able to demand from the tenant a financial contribution to the renovation costs for a period of 15 years up to half of the amount that the tenant could save by reducing the operating costs. This financial contribution by the tenant is subject to the fact that the landlord has previously notified the tenant of the planned refurbishment, not only individual measures are carried out and, after implementation, a specific rehabilitation level defined in regulations is reached.⁷¹

The Finnish Energy Efficiency Action Plan of 29.04.2014⁷² reported that there are no legislative barriers to the sharing of incentives between the owner and the tenant of a building or between the owners.⁷³

From the above examples, it becomes clear how different the Member States are concerned in the reporting of obstacles and measures to the Commission in the sense of Article 19 (2) of Directive 2012/27/EU; Some Member States are already mentioning dismantled legislative barriers and measures implemented as well as existing barriers and future measures. It is simply stated that there is no need to adapt the national legal framework to create incentives for landlords and tenants in connection with energy building renovations.

⁶⁷ Ibid.

⁶⁸ Bundesministerium für Wissenschaft, Forschung und Wirtschaft (2014).

⁶⁹ Ibid.

⁷⁰ Energy Efficiency Action Plan for France (2014).

⁷¹ Ibid.

⁷² Finnish Ministry of Employment and the Economy (2014).

⁷³ Ibid.

3.2.3 Other selected EU directives and regulations

In addition to dwellings, (Directive 92/42/EC) and elevators (Directive 95/16/EC), air-conditioning systems (Delegated Regulation EU No. 626/2011), heating and hot water systems in dwellings (Directive 2005/32/EC), which are regularly integrated components of a rental housing building, are covered by EU regulations with regard to their energy efficiency. The effects on tenancy law are likely to be similar to the effects of general energy standards for new buildings and renovation work for rented apartments.

As already mentioned in 3.2 above, a further treatment of the topic of the energy efficiency of furnishing articles is expressly dispensed with in Chapters 4 and 5.

3.3 Interim results

In summary, the study of the impact of EU legislation on tenancy law shows that most relevant EU directives and regulations have only indirect effects. This applies, in particular, to Union-wide requirements for the construction and equipping of residential buildings, which emanate, for example, from standardization of certain requirements for the determination of the total energy efficiency of residential buildings or parts of residential buildings or by certain minimum standards for construction products or furnishings in dwellings in rented housing. Union legislation on energy efficiency also has only indirect influence. In contrast, there are only a few cases of direct impact of EU legislation on energy efficiency. This includes, in particular, the obligation of the landlord to submit an energy certificate before the start of the tenancy according to Directive 2010/31/EU on the total energy efficiency of buildings.

4 Comparison of the provisions of national tenancy law relevant to energy renovation

In the following chapter, various legal regulations, which provide incentives for the implementation of energy renovations, are presented comparatively. It is based on the functional method of modern comparative law, according to which not the wording and systematics but the tasks and objectives of legal norms and institutes as well as the conditions of reality for their fulfilment are the decisive criteria for investigation. Accordingly, the following is examined under which legal and factual conditions the landlord can cover the cost of energy recovery measures by rent increases on the tenant. The results on this question will be divided into country groups. For this purpose, legal regulations and dogmatic differences must be presented in advance. Regarding the rules affecting rental prices on the market include: the regulation of the rent, the duration of the tenancy and the protection afforded by the tenant, and, where applicable, special rules for rent increase due to (energy) renovations.

In order to understand the effects of energy renovations on tenants and landlords, general regulations of the national tenancy law systems are of relevance. Such regulations were not been adopted specifically for energy renovations, but they regulate rental prices and protection against unfair conditions. These are to be systematically presented in a first step and broken down into groups of countries, in which different statements can be made regarding the costs of renovations (4.1). First of all, it is necessary to distinguish between housing with and without a public task (that is to say, tenancy relationships which have been created in some way by means of state influence from social policy considerations). In the area of public housing, a special incentive structure for the implementation of energy renovation applies to buildings not subject to the general housing market. Therefore these are not the subject of the investigation (4.1.1).

For the buildings subject to the general housing market, it is first necessary to investigate whether, according to general provisions of the tenancy law, the landlord can cover the cost of energy renovation within a reasonable period of time. Regardless of the legal framework, a reimbursement of the renovation costs on the rental price is always excluded if it is impossible on the market to impose higher rents. An investigation into the legal situation can therefore not provide any conclusive information as to whether a levy will actually be paid. It can only be investigated to the extent that a levy is possible if the tenant is also willing to remain in the property at a correspondingly increased rental price or if another tenant can be found who is willing to pay the corresponding rent, i.e. if the costs of renovation can therefore be applied to the rent on the market. What has to be considered as a reasonable time depends on the return on investment which is sufficient to make it, and also depends on investment alternatives.

In addition to the question whether it is interesting for an economically rational landlord to carry out a renovation work to improve the energetic situation of a building, it is also important whether the landlord is legally entitled to do so within an ongoing tenancy. In addition to special regulations for renovation measures, general tenancy law provisions also play a role, in particular provisions on the duration and termination of tenancy agreements. According to this, it is to be examined at this point whether the landlord can terminate a lease at any time in the short term if renovation cannot be actually or legally implemented within the existing tenancy.

In order to answer these two questions, the regulation of the rent level as well as the security of tenure⁷⁴ (i.e. the duration of the tenancy as well as any grounds for termination) are examined (4.1.2).

⁷⁴ This concept is based on the term security of tenure, which is commonly used in the English-language tenancy law, and should be understood in this sense.

In a second step, the cost distribution of the operating and ancillary costs between tenants and landlords is analysed, as the party which benefits from energy savings has additional monetary incentives for energy-efficient building renovation (4.2).

In a final step, specific legislation on tenancy law, subsidy law and tax law on energy renovations is examined (4.3). Special regulations on the cost of energy renovations are relevant to the present study, particularly in those countries where there is no market-related rent adjustment. It is true that special rules for rent levy are hardly likely to help a tenant be willing to pay a rent above the market level. Only in the case of a legally fixed rent below the market level does the legislator have an effective margin for answering the question as to how far the tenant is charged with the cost of improving energy efficiency without the lease becoming unattractive. Then it will actually be possible to enforce a rent increase up to the level of a free market rent. It therefore depends on the legal regulations and thus on the legislator whether the landlord is permitted to demand a corresponding amount of rent after carrying out energetic restoration measures. It is only when the level of a market rent is exceeded that the most important part is not the legal but the actual possibilities for a rent increase. If an increase in rent is not enforceable on the market or if the legislature does not want the costs of the energy renovation to be paid by the legislator on policy grounds regarding the costs of public subsidies (i.e. subsidies and tax relief) or by the landlord by means of redevelopment without the possibility to adapt the rent accordingly.

4.1 General provisions of tenancy law

The question is first of all whether, in addition to the general rental market, there is a special rental market for housing with a public purpose, for which special rules apply to the incentive and cost-support structure for energy renovation measures. These differences can only be found in the case of object-related subsidies in housing with a public task; this is therefore not the subject of further investigation (4.1.1). A description is then given of the provisions of the general tenancy law relevant to the incentive structure for the implementation of energy renovations, in particular the rules on rent regulation and security of tenure (4.1.2).

4.1.1 Relevance of publicly funded housing

In the case of residential renting with a public purpose, a distinction must basically be made between two funding instruments. On the one hand, it is possible to allow tenants to rent a dwelling at normal rental market conditions by means of state payments (subject-related rental subsidies). Alternatively, separate legal regimes can be created for rented housing for the most deprived persons, whereby the construction of the housing is financially promoted or the housing is constructed directly by the state (object-related rental subsidies).

Subcontracting is aimed at strengthening the purchasing power of persons or households by means of public transfers, so that they can pay their housing expenses more or at all, and, if necessary, obtain a better housing supply. Subcontracting systems determine the individual transfer performance by means of formulas and tables depending on several factors such as e.g. the actual or normative housing expenditure, the household size and the size of the housing.⁷⁵

Object-related subsidies as benefits for the provision of rented housing in contrast to non-subsidized, rented apartments, which are offered in a market-oriented manner, can affect various cost areas of housing production and assume a wide variety of forms. Typical tools of this promotion are the cost-effective or free provision of building land by public or non-profit landlords, the cost sharing for the construction of the building and the associated ancillary costs as well as the public market interventions during the financing during the construction and utilization phase. In the wider sense, this also includes public grants for ongoing management costs.⁷⁶

The housing policies of all the countries under investigation are based on a mixture of object-related and subject-related funding measures, with the weighting of these measures being very different in the individual countries.

In Germany, for example, residential market interventions are promoted by means of subject-related subsidies through the housing allowance law⁷⁷ as well as the assumption of the costs of accommodation and heating as part of the basic guarantee. In addition, there are also object-related instruments such as the promotion of dwellings, which are subject to a restriction of access and where binding is required with respect to the rental rate.

In several countries in which the object-related rental promotion is at the forefront, such as Austria and Italy, there are several parallel structures in this area. In Austria, for example, in addition to the cooperative dwellings of non-profit housing associations, municipal dwellings occupy a central role on the rental market and are mostly governed by municipal regulations. In Italy, in addition to public housing construction (*edilizia residenziale pubblica*), which is subject to a large part of municipal regulation with regard to the rental price structure and access requirements, there is the category of social housing (*edilizia residenziale sociale*), which is based on uniform in-

⁷⁵ Donner, C. (2014), p.104.

⁷⁶ Ibid.

⁷⁷ Wohngeldgesetz from September 24, 2008 (BGBl. I p. 1856), as last amended by Article 14 (12) of the law of October 20, 2015 (BGBl. I p. 1722).

struments of housing promotion and completely different regulations regarding basic tenancy laws such as the formation of rents and the access requirements.

Provided that the promotion of housing is based on the subject, there is no need for a separate consideration between dwellings with and without a public task when looking at the incentives and effects with regard to the tenancy regulations with an influence on energy renovation. An influence is, if at all, to be expected at the level of the rent achievable on the market.

An analysis and classification would be necessary to investigate the incentive structures and influences of rental law provisions for the energy renovations in the case of property-related rental subsidies in order to assess the effects and success potential. This would primarily require a classification based on the ownership structure, the share of public funding in the financing of modernization measures, and the pricing of rent, and cannot be undertaken within the framework of this study.

4.1.2 Relevant general structures of tenancy law

In order to be able to assess the cost distribution of energy renovation of buildings between tenant and landlord, it is first necessary to investigate the extent to which a rent increase can be realized within a short period of time, which permits an amortization of the energy conservation measures within a reasonable time. In addition to specific provisions for the rental regulation in (energetic) modernization measures, the regulations governing the tenancy law must also be taken into account, including the general regulation of the rent and the continuity of tenancy agreements and the termination of tenancy agreements by the landlord. For if a termination of the tenancy contract or a rent increase according to general regulations are possible irrespective of the situation, they also offer options in the case of the energy renovation in order to recover their costs, as well as in case of a new lease. The investigation results on such general regulations are also to be taken into account in a later step in the investigation of this study in the case of the classification of the countries with regard to the special regulations for (energetic) renovations (in particular with regard to the rules on rent increases after the implementation of such measures). Only through this interplay can functionally comparable statements be made about the legal possibility of the levy of renovation costs.

In addition, on the basis of the following investigation, the security of tenure (i.e. the combination of the duration of the tenancy agreement and the protection against dismissal) can be used to determine whether termination of tenancy is possible within a reasonable period in the case of planned restoration measures. Only from a combination of the regulation to terminate the tenancy agreement and the tenant's obligation to tolerate energy recovery measures (see section 4.3.2), a subsequent step in this investigation can be used to make meaningful statements as to whether energy renovation measures can be implemented in practice.

Regulation of Rent Price

In rents regulation, a distinction must be made between the regulation of rents at the time of the conclusion of a new contract and changes in rental prices in the current contract. In most countries, rents can be freely set at the time of conclusion of the contract, so that they will generally correspond to the rent on the market (market rent). If the tenant is willing to pay higher rents for energetically renovated housing, the landlord will transfer the renovation costs to the tenant. If the initial rental rate can be legally set at the time the contract is concluded, the costs for energy renovations will be included in the calculation of the rental price for new leases. However, problems can arise for low-income households or in situations in which the market situation does not allow the costs to be apportioned to the rental price. In the latter case, it is not possible to create a sufficient monetary incentive for landlords to renovate a rental dwelling before letting it. Thus, the state is left with direct subsidies or tax relief as incentive instruments.

Other considerations are to be taken into consideration when rents are also regulated for new leases. Examples of this are in Germany in the scope of the rent brake, in Austria for apartments in the area of application of the MRG or in general in the regulated rental system in the Netherlands. In these cases, the attractiveness of measures of the energy building renovation from the landlord's point of view depends mainly on legal provisions for rent increases after renovation measures. A reimbursement of remediation costs is only possible if this is legally permitted (see also 4.3.4). In addition, regulated rents are still well below the (hypothetical) market rent, which means that even higher rents due to renovation are still attractive for the tenant.

In contrast to rents for new leases, increases are imposed on existing rents in most countries and are interrelated with the rules on termination. In some countries without regulation of the rent adjustments, however, rent increases (as in Austria outside the scope of the MRG) are often limited in practice. The prerequisites for rent increases are very different in this respect and require a structured presentation in order to allow consideration of the cost distribution of energy building renovation measures at a later stage of the investigation. First, a tabular overview of the rental regulations is to be given. In the case of the provisions for rent increases in existing rents, the rather liberal countries and then the countries with more social-interventionist tenancy regulations are to be presented.

Table 15: *Regulation of the rent amount*

Kind of regulation	Impact for the respective countries
<p>No regulation of rent amount</p>	<p>England for <i>assured shorthold tenancies</i> (almost all private leases): The possibility to unilaterally increase the rent during the fixed term of lease must be expressly provided for by contract and is unusual; since the duration of the contract is generally only six months, a regular rent increase at the end of the contract period is not a problem.</p> <p>Scotland for the <i>short assured tenancy</i> under the Housing (Scotland) Act 1988 (approximately 94% of the private rental market).</p> <p>Austria for apartments fully excluded from the scope of the MRG (in particular one- and two-family houses) and those under partial application of the MRG (among others, contracts for owner-occupied dwellings and dwellings erected after 1953); legal restrictions: usury (§ 879 para 2 no. 4 ABGB) or reduction of over half (<i>laesio enormis</i>) acc. § 934 ABGB.</p> <p>Netherlands for dwellings which receive more than 142 points on the basis of a quality assessment system at the time of conclusion of the contract (applies to approximately 8% of dwellings); the amount and adjustment of the rent is contractually negotiable, but the rent may be increased only once a year; additional temporary rent increases for improvements to the apartment are permitted.</p> <p>Finland, unless the housing has been publicly subsidized: the rental price and the possibility of the rent increase are freely negotiable. If the rental conditions are inadequate, they can be challenged by the tenant. Without a contractual basis, rent increases are permissible after termination of the rental agreement for this purpose or may be determined by court order at the discretion of the court at the request of the landlord.</p>
<p>Regulation of rent amount (1) Regulation on increasing rent amount on existing tenancies</p>	<p>Estonia: Unilateral increases in rent are permissible in the case of permanent contracts every 6 months. The prerequisite is that the rent increase is not disproportionate, is announced 30 days in advance and is justified.</p> <p>Switzerland: Unilateral increases in rent are permitted in principle at the next possible termination date, but subject to a period of one year and subject to an abuse control; in addition, the agreement of a scale or index rent is permitted (Article 269 et seq.).</p> <p>Latvia: A tenancy increase must be notified in writing three months in advance and be justified in writing at the tenant's request. Possible grounds for justification are not definitively regulated, but they always include cost calculations.</p> <p>Poland: Unilateral increases in rent are permitted at most every six months, although the increase in the annual rent may not exceed 3% of the current value of the dwelling unless there are legitimate reasons for a more extensive rent increase; at the tenant's request, the calculation for the rent increase must be disclosed (Article 8a, 9 Mieterschutzgesetz). An index rent can be agreed upon at the time the contract is made in individual cases for contracts concluded for more than 10 years (notarial act).</p> <p>Scotland for <i>assured tenancy</i> under the Housing (Scotland) Act 1988 (approximately 6% of leases in the private leasing market): the rent can generally be raised only up to the level of the market rent.</p> <p>Denmark for dwellings built after 1991 or for attic apartments built after 1994 in buildings subject to rental control: the rent may not be manifestly unfair and may be increased after a season rent or on the basis of a market basket of goods.</p>

	<p>Germany increases in rent are permitted only in accordance with the contractually agreed scale or index rent or legally up to the level of the standard rental rents, but not more than 20% (in the case of particularly tense rental markets no more than 15%) in three years; in the determination of locality, to be considered among other factors are the equipment of the dwelling and, if it is reflected in the market, the energetic state. In the case of energy renovations, which are to be delimited from maintenance work, an additional (temporary) increase of the rent by 11% of the modernization costs are permissible (§§ 559 ff. BGB); In the case of mixed modernization and maintenance work, the apportionment is only permitted for the modernization component.</p> <p>France: The rent may be increased only in the case of a contractual agreement and only once a year by the lessor in accordance with the <i>indice de référence des loyers</i>⁷⁸ (rent reference index, which is based on the consumer price index) of the <i>Institut national de la statistique et des études économiques</i>; since the rental contracts are in general automatically extended under the same conditions at the end of the term of the agreement, the limitation of the possibility of the rent increase usually also extends beyond the agreed term of the contract.</p> <p>Italy: Within the legally stipulated contractual periods (4 + 4 years), any contractual agreement which aims at granting the landlord a higher rental price than the agreed one is null and void; whether any form of rent increase clause during the term of the contract is inadmissible is disputed in the literature and jurisprudence.</p>
<p>Regulation of the rent amount (2) Regulation also of setting the rent amount on new tenancies</p>	<p>Sweden, provided that a collective agreement has been concluded between a tenant association and the lessor, which can be requested by both parties and is customary in practice. The rent amount as well as rent increases are then bindingly regulated in the collective contract and cannot be agreed individually or fixed by the landlord.</p> <p>Denmark for all areas which are not explicitly liberalized: depending on the category of the building, there are different calculation bases, depending on construction time, location and renovation condition. Calculation basis is either local standard rental or operating costs. A liberalized rent price applies for dwellings which have undergone a basic renovation after 1996, but this cannot be significantly higher than the market rent.</p> <p>Finland, but only for state-subsidized private housing.</p> <p>Austria for dwellings in the under full application of the MRG (in particular apartments in buildings built with public funding): full regulation of the maximum permissible rental price but, depending on the circumstances, different with sometimes far-reaching intertemporal peculiarities. In particular: "reasonable rental price" [§§ 16 para. 1, 46c MRG], "category rent" [§ 15a MRG] and guideline interest rate [§ 16 para. 2 MRG].</p> <p>Netherlands for housing which does not exceed 142 points in the context of a quality-related assessment system at the time of the conclusion of the contract (applies to approximately 92% of the dwellings, the maximum rent is strictly based on the score obtained); a ministerial decree sets out annually the extent to which the rent may be increased and the maximum rent per point received; points are awarded according to objective criteria for the building; for the presence of a balcony, the close access to infrastructure such as buses, trains and shopping, the state of the renovation of the apartment including energy efficiency. Whether an apartment falls under the rents regulation depends solely on the number of points at the time of the conclusion of the contract.</p> <p>Germany for dwellings in areas where the so-called rental rate brake applies: this assumes that the rental property is located in a region with a tight housing market, as defined by federal state regulation. The permissible rent may not exceed the level of the standard rental rent plus 10%. The provincial governments are authorized by the end of 2020 to provide a statutory ordinance for a maximum period of five years of the areas with tense housing markets in which this rent limitation applies. The rent brake does not apply to the rental of new buildings and the first re-letting after a comprehensive modernization of the rental property as well as for first-time rentals of new buildings. In addition, the previously requested rent (pre-rent) can also be requested if this is above the rental rate limitation.</p>

The presentation makes it clear that most countries regulate the rent price in existing rental contracts, but not a general regulation for the rent amount in new rental contracts. A general regulation of the rent amount (i.e. also for new leases) applies to most of the rental market only in the Netherlands and Denmark as well as for a predominant part of the Austrian rental market (54% of the private leasing market and 80% of all private main leases in Vienna) Germany has particularly tight housing markets, where the so-called rent brake is used. Arrangements which do not allow the tenant and the landlord to set the rental price freely for new tenants are therefore the exception. Also the exception is the complete liberalization of rent increases, which is present only in England and Scotland due to a low level of regulation, but it is also the case in practice in Estonia and Switzerland. In addition, the regulation of the rent amount for new leases is always applied only to a portion of the rented dwellings.

⁷⁸ For *Indice de référence des loyers* see

<http://www.insee.fr/fr/bases-de-donnees/bsweb/serie.asp?idbank=001515333> (31.08.2015).

In addition to the table, it should be noted that for England and Scotland not all possible contractual arrangements of residential tenancy were presented. However, other forms of housing tenancy besides the assured tenancy and the assured shorthold tenancy represent exceptions that affect less than 1% of the leasing conditions in the private leasing market. For this reason, they can be neglected in the present case.

A special feature of rents regulation is Sweden. Here, landlords can be bound by regulations that have been negotiated between the landlords' and tenants' boards and have been declared universally binding at the municipal level. Another collective model exists in Italy. Here, landlords have the possibility to conclude leases according to a "fair" tenancy recommendation, which is negotiated by tenant and landlord associations (Art. 2 Para. 4 Law No. 431/1998). If the landlord complies with this recommendation, he receives tax concessions and can conclude contracts with a shorter minimum term (of 3 instead of 4 years).

Security of tenure

There are also major differences in the duration and the possibility of terminating rental agreements on the part of the landlord. If the tenancy can be terminated in the short term, tolerability requirements play a subordinate role for the question of the actual enforceability of renovation measures. Likewise, the regulation of existing rents is of less importance if the rents can be freely determined in the case of new rents and there exists a low level of security. Both of these factors can have a considerable influence on the attractiveness of and cost distribution for energy renovations as outlined above.

The duration of tenancy needs a systematic view. In principle, a distinction must be made between countries in which open-ended tenancies are the rule (as in Germany, Switzerland and the Scandinavian countries, as well as restrictions in Austria), and countries of the English and Roman traditions, where only fixed-term tenancy agreements are permitted or that such contracts dominate in practice. However, fixed-term leases can also be automatically extended so that they can actually have the effect of open-ended leases tenancies.

Table 16: *Fixed-term and open-ended tenancies*

Type of rental contract Art des Mietverhältnisses	Regulation in respective countries
Only fixed-term rental contracts permitted	<p>Countries with short terms (less than 3 years) and free termination of the contract by the landlord to the contracting party:</p> <p>England with assured shorthold tenancies (almost all private leases): length contractually agreeable but typically 6 months or 1 year; The contract may be terminated freely by both parties.</p> <p>Countries with longer terms (from 3 years) and regulated termination until the end of the contract:</p> <p>France: 3 years if the landlord is a natural person, 6 years if the landlord is a legal person; However, the contract shall automatically be extended by the same period if it is not terminated 6 months before the date of the contract; The reasons for the termination are strictly regulated => de facto open-ended tenancy agreements.</p> <p>Italy: Lease contracts can only be concluded for a limited period, but the tenant's lifetime is also a permissible time limit. Contracts generally must be concluded for at least four years; the contract is also automatically renewed once, if it is not terminated; the reasons for the termination by the landlord are limited.</p>
Fixed-term and open-ended rental contracts permitted	<p>Estonia: Fixed-term contracts are gaining in importance in practice.</p> <p>Finland: Fixed-term contracts are subject to the requirement of written form, unlike open-ended contracts.</p> <p>Latvia: Fixed-term contracts are gaining in importance in practice.</p> <p>Austria: In the partial or full application area of the MRG, the term must be agreed in writing other than in the scope of the MRG and must not be less than a minimum contract term of three years (§ 29 para. 1 No. 3 MRG). There is no need for a special limitation.</p> <p>Poland: A lease term is permitted without special reason and is also customary. The effectiveness of the time-limit is only formulated in the case of the agreement of an index rent for contracts concluded for more than ten years (notarial act). For social welfare housing a limited period is excluded.</p> <p>Switzerland: There is a free choice between open-ended and fixed-term contracts. A limitation period is permissible without special reason. Fixed-term contracts are customary in practice.</p> <p>Scotland: There is free choice between:</p> <ol style="list-style-type: none"> short assured tenancies under the Housing (Scotland) Act 1988 (approx. 94% of the private leasing market): Minimum contract term 6 months; Longer agreements are allowed; assured tenancies under the Housing (Scotland) Act 1988 (approximately 6% of leases in the private leasing market): de facto open-ended.
Fixed-term rental contracts only exceptionally permitted	<p>Denmark: Only permitted in the case of a legitimate interest (§ 80 para. 3 Mietgesetz). If there is a legitimate interest, the lease becomes automatically an open-ended lease.</p> <p>Germany: A time limit requires a justifiable reason, otherwise the contract is regarded as open-ended.</p> <p>Netherlands: A fixed-term lease with no special reason is generally invalid. A permissible reason is, e.g. if the landlord leaves his home for a fixed term and then wants to move into it again (§ 7: 274 lit.1 sub b BW).</p> <p>Sweden: Although fixed-term contracts are permissible in principle, they are of no practical relevance, since the tenant has the same security of tenure in fixed-term contracts as in open-ended contracts.</p>

There is a fairly balanced distribution between countries where only fixed-term rental contracts are concluded, countries in which the parties are free to choose between fixed-term and open-ended tenancy agreements, and countries where fixed-term tenancy agreements are permitted only exceptionally.

In order to be able to assess the importance of fixed-term rental contracts, the prerequisites for the extension of tenancy agreements must be considered, since the termination of a tenancy by the end of the term is equivalent to a termination and can have comparable effects.

Table 17: *Practical termination of the lease by the landlord at the end of the contract period*

Types of lease termination	Regulation in respective countries
<p>The lease expires automatically as a result of expiry of the term of the contract</p>	<p><i>Limitation permitted without justification</i></p> <p>Switzerland (Article 266 (1) OR)</p> <p>Estonia</p> <p>Austria</p> <p>Finland</p> <p>Poland</p> <p>Latvia</p> <p>Italy: The contract is automatically renewed once at the end of the term of the contract (minimum period of four years) unless the landlord notifies the tenant that the contract is not to be extended due to a reason expressly permitted under Article 3 of Law 431/1998. These include: personal needs, core restraint which is not possible while the accommodation is occupied, and the planned sale of the rental property.</p> <p><i>Fixed-term tenancy is permitted only exceptionally</i></p> <p>Denmark</p> <p>Germany (only in the event of a permissible time limit within the meaning of § 575 BGB, which must still be present at the time of the contract)</p> <p>Netherlands</p> <p>Sweden for leases with a term of no more than nine months</p>
<p>The landlord can terminate the lease by terminating the contract without stating reasons</p>	<p>England for assured shorthold tenancies (almost all private leases).</p> <p>Scotland for short assured tenancy under the Housing (Scotland) Act 1988 (approximately 94% of the private rental market): minimum 6 months initial contract period; Then freely cancellable.</p> <p>Sweden for contracts with a term of more than nine months.</p>
<p>The automatic renewal of the lease can only be prevented on the basis of a permissible reason for termination (de facto contracts of indefinite duration)</p>	<p>France: The contract will automatically be extended to the same date as the contract, For a period of three years with a landlord who is a natural person or six years with a landlord who is a legal person, if not with a period of six months, to the contracting party, stating justified grounds that the contract is not Should be extended.</p>

It is shown that countries with fixed-term tenancy contracts without a specific justification and tenancies that can be terminated very easily at the end of the term are a minority of the countries under study with Switzerland, Austria, England, Estonia, Scotland and Sweden. Moreover, such time limits are of great importance in practice only in England and Scotland. In all other countries, irrespective of the dogmatic construction, open-ended tenancy agreements prevail.

With regard to the ability of the landlord to terminate legally and practically open-ended leases, the countries under review are divided into three groups: the first group includes countries where—as in Switzerland—termination of tenancies is possible at any time, subject to a relatively short notice period. The second group includes countries in which—as in Germany—the landlord can terminate only on the basis of certain permissible grounds. Energetic building renovation measures do not regularly form part of the permissible grounds of notice. The third group includes countries where the tenant is almost completely excluded from the tenancy contract (as in Sweden, for example).

Table 18: *Termination by the landlord (only for countries with typically open-ended or long-term contracts)*

Type of rental termination	Regulation in respective countries
<p>Free termination of open-ended contracts</p>	<p>Switzerland: Only a termination which is contrary to good faith is ineffective, expressed "without an objective, serious and protected interest"⁷⁹; However, termination for purely economic reasons is permissible. A termination for the purpose of the rent increase may, however, be prohibited if a rental price is sought which is illegal according to the so-called "absolute calculation method" and cannot be enforced within the existing tenancy.⁸⁰ In contrast to the so-called relative calculation method, the absolute method of calculation does not refer to earlier agreements between the parties and/or does not take into account the previous rental price arrangement. The notice period is three months and may be extended by law.</p> <p>Finland: Termination is permitted only on the grounds of reasons, but only a reason which is not contrary to the good renting practice is permissible. Exceptions are expressly also a termination for the purpose of rent increases, if the tenant does not agree with the landlord about the increase to an appropriate rent. The period of notice is three to six months.</p> <p>Estonia: In principle, termination by giving three months' notice is possible without restriction. However, there is the possibility to apply for an extension of the tenancy at a fixed-term under the provisions of Article 326 (2) of the LOA, in the same rented apartment, if the immediate termination of the lease would lead to serious consequences for the tenant or his family (e.g. it is difficult to find a different place in the region and it is unacceptable to move to a remote place in the context of employment and the interests of children). However, an emotional attachment to the apartment or additional costs for the restoration of housing does not constitute an extension reason according to Art. 326 para. 2 LOA.</p> <p>Austria: for apartments under the full application of the MRG (in particular one- and two-family houses); However, the validity of a termination may be restricted by contract.</p>
<p>Termination only if there is a permissible reason for termination</p>	<p>Denmark: Termination with a three-month notice period is permissible only on the basis of the grounds set out in section 83 of the Rental Act: self-employed; Demolition or restoration of the building, which is not possible in the inhabited building; Serious breaches of contract; Other serious reasons which constitute a justified interest of the lessor in the resolution of the contract.</p> <p>Germany: In addition to certain serious breaches of contract, which allow for an extraordinary termination, a notice of termination of three to nine months (depending on the length of the tenancy) is permissible pursuant to § 573 BGB only on the grounds of a legitimate interest of the landlord in termination of the tenancy agreement. This includes, in particular, serious breaches of duty by the tenant, the landlord's own need to use the dwelling and the hindrance to appropriate economic exploitation. However, termination for the purpose of rent increases is expressly excluded.</p> <p>France: During the term of the rental contract the tenancy cannot be ordinarily terminated; Regarding termination the end of the contract period, see Table 2 above.</p> <p>Italy: During the term of the rental contract the tenancy cannot be ordinarily terminated; Regarding termination at the end of the contract period, see Table 2 above.</p> <p>Latvia: The notice period is one month, and termination is permissible only for the reasons set out in the tenancy law: serious infringements of the contract, demolition of the building, necessary nuclear rehabilitation measures; own use of "restituted former owners".</p> <p>Netherlands: Termination is only permitted in accordance with one of the provisions of Art. 7: 274 or 7: 213-214; 7: 231 in conjunction with 7: 235, 7: 236 for expressly permitted reasons such as unacceptable behaviour/breach of contract by the tenant; urgent need of the landlord to use the dwelling, on condition that he provides the tenant with an alternative accommodation; a buyer's own need to use the dwelling, taking into account a three-year notice period; Implementation of a change in urban development plan; Rental contracts for room rentals in the dwelling in which the landlord lives; demolition of a building according to municipal decision.</p> <p>Austria for apartments under full and partial application of the MRG: Termination is only possible in court for one of the reasons mentioned in § 30 MRG. These include a number of serious breaches of contract, the lessor's own need to use the dwelling (§ 30 (2) No. 8 MRG) or other reasons, which were substantiated by the contracting parties in writing (Section 30, Subsection 2 No. 13); important reasons are also given in point 14 et seq. including demolition or rehabilitation of the rented property, whereby a cancellation due to a nuclear rehabilitation is almost always rejected in Austrian jurisprudence.</p>

⁷⁹ BGE 135 III 112 E. 4.1.

⁸⁰ BGE 120 II 105; BGer 4A_472/2007 vom 11. März 2008, E. 2.1; T. Koller & M. Bühler, 'Ertragsoptimierung als Motiv einer Mietvertragskündigung – Gedanken zu einer Inkohärenz in der mietrechtlichen Rechtsprechung des Bundesgerichts: BGE 120 II 105 ff.', ZBJV (1995): 415.

Type of rental termination	Regulation in respective countries
Termination only if there is a permissible reason for termination	<p>Poland: In accordance with Article 11 (1) of the Tenants' Protection Law, a notice of termination by the landlord requires an expressly permitted reason as well as compliance with a period of one month at the end of the month. In accordance with Art. 11 para. 2 Tenant Protection Law, the following reasons are permissible: breach of contract by the tenant, sub-letting without the consent of the landlord; demolition or rehabilitation of the dwelling, which makes it impossible to make a living use; in this case, however, a replacement apartment is to be provided.</p> <p>Scotland: for assured tenancy under the Housing (Scotland) Act 1988 (approximately 6% of leases on the private rental market).</p>
No practical possibility for termination	<p>Schweden: Eine ordentliche Kündigung ist nur ausnahmsweise mit gerichtlicher Genehmigung unter Einhaltung einer Frist von drei Monaten zulässig; eine außerordentliche Kündigung kommt nur bei schweren Vertragsverletzungen in Betracht.</p>

Most countries with de facto open-ended contracts do not allow dismissal to achieve a higher rental price. The exceptions are Switzerland, Finland and Austria (in the full exception area of the MRG). However, the possibility of termination due to building renovation—including energy renovation—exists in many countries. However, the serious dilapidation or uninhabitability of the building is often assumed during renovation work, but which is normally not the case with purely energetic renovations. A closer look at these regulations is made within the framework of the toleration requirements of measures for the energetic building renovation.

4.2 Allocation of ancillary costs and utilities

In addition to the influence of the general tenancy law, the allocation of ancillary costs and utilities, in particular the distribution of the costs for heating and electricity, is of importance for the study of the cost distribution between the tenant and the landlord for measures for the energetic renovation.

Operating costs are, according to a definition in German law⁸¹, costs incurred by the owner by ownership of the property or by the intended use of the building, auxiliary buildings, facilities, facilities and land. These include the cost of supplying cold and hot water, and the operation and maintenance of the heating system.⁸²

Although the operating cost concept is not the same in Germany as in all countries⁸³, comparable definitions exist in all the countries under investigation for the cost components (in particular heating and electricity) relevant to the present framework.

Statutory regulations are typically found in the type of reading and billing of heating and hot water costs, for example in Germany through the heating cost regulation⁸⁴ or in Austria through the heating cost accounting legislation.⁸⁵ The applicable provisions of Directive 2012/27/EU on energy efficiency are also relevant, whereby Article 9 requires Member States to ensure that all end-users in the areas of electricity, natural gas, district heating, remote cooling and hot water consumption receive individual meters that accurately reflect actual energy consumption and provide information on the actual time of use. The obligation to install individual consumption meters has already been specified in buildings with several apartments in Article 9 (3) of Directive 2012/27/EU and has al-

⁸¹ See §§ 556 para. 1 sentence 2 of the German Civil Code (BGB), 27 para. 1 p. 1 II. BV, 1 para. 1 p. 1 ActrKV.

⁸² See § 2 BetrKV.

⁸³ See, for example, the concept of ancillary costs in Switzerland, Art. 257b (1) of the Swiss Code of Obligations or in the Netherlands, Art. 7: 237 (3) BW.

⁸⁴ Regulation on the consumption-dependent billing of heating and hot water costs (Ordinance on heating billing - heating costs regulations) in the version of 05.10.2009 (BGBl. I 3250).

⁸⁵ Federal Law on the more economical use of energy by consumption-dependent billing of heating and hot water costs (Heizkostena-brechnungsgesetz - HeizKG), in the version of 31.03.2009 (öBGBI.Lo.87/1992 i.d.f. öBGBI.I No. 25/2009).

ready been implemented in Germany, for example, by the Heating Costs Ordinance. However, all measures under Article 9 of Directive 2012/27/EU are subject to technical feasibility, financial sustainability and proportionality in relation to the energy savings achieved with this. Exceptions are permitted in national law for student housing and older buildings that have not undergone a core renovation.

In most of the countries reviewed, payment of the rent is done in the form of net rent without running costs. Costs for electricity and heating are calculated generally depending on consumption and are billed separate of the rent and periodically.

One exception is Sweden, where the payment of a flat-rate gross rent is already standard, which includes costs for heating and electricity. In the longer term, on the basis of Directive 2012/27/EU on energy efficiency, it is to be assumed that the payment of the net rent will also replace the previous model of the flat-rate gross rent in Sweden, provided that the conversion to individual meters and the provision of detailed information to the end consumer are in fact comprehensively implemented.

In Sweden, the incentive for landlords to implement an energy renovation in rented housing is currently still significantly high.. For landlords, the monetary benefits from a cost reduction result directly from an expected decline in energy consumption. The tenant, on the other hand, does not benefit from an energy renovation from the point of view of the distribution of additional costs.

In Latvia, the payment of a gross rent and a net rent is currently equally common. However, the landlord always has the legal possibility of passing on cost increases for heat and power to the tenant by increasing the gross rent. The expected monetary incentives for the implementation of an energetic building renovation are therefore lower in Latvia than in Sweden.

In the other countries studied, with the exception of Sweden, the tenant has a significantly higher incentive to encourage the landlord, to the extent that this is legally possible, to undertake energy renovation measures, since this leads directly to a cost savings through lower energy consumption. The regulation of the utilities costs in these countries is used to treat electricity and heating costs as mere throughput items by the landlord, and an increase in energy efficiency only has a cost-damping effect at higher vacancy rates. In these countries, the landlord has no incentive to carry out any energy renovations.

4.3 Special tenancy law provisions for energy efficiency

Special rules for the energetic renovation of buildings as well as energy efficiency in tenancy law or the promotion of energy saving measures for rented housing are relatively new in all Member States and are subject to rapid changes.

This investigation is primarily aimed at measures that lead to the saving of energy, the costs of which are typically borne by the tenant. The emphasis is therefore on measures to insulate buildings and thus to reduce heating demand. Measures which lead to reduced energy consumption in the area of heating and hot water generation by means of efficiency gains (for example more efficient heating systems) or the use of renewable energy sources (for example by solar energy) are also taken into account. Measures for reducing the consumption of primary energy by generating electricity in the rental property, e.g. By the extraction of electrical energy from a renewable source or by the use of combined heat and power stations, possibly with cogeneration, are not the subject of this investigation. This is to be seen against the background that the benefit of saving primary energy in the generation of electrical energy is not beneficial to the tenant, unlike the saving of costs for heating and hot water generation through energy renovation.

In the following, the information requirements at the time of concluding the rental agreement with regard to the energy status of a rental property are to be discussed (4.3.1). As a result, information asymmetries between tenant and landlord can be reduced. This enables the tenant to make a rational decision about the price at which he rents a rented property in the respective energetic state.

Then, the tenant's obligations to tolerate (energetic) building renovations are discussed (4.3.2). Since a demarcation of toleration requirements for general and energetic sanitation measures does not appear to be meaningful, both types of regulations are treated together. If there are no toleration obligations in the case of energetic building refurbishment and if the landlord cannot terminate the lease at short notice (for this see 4.1.2), it is impossible for the landlord to carry out such measures. In addition, the tenant will be given negative incentives for energy renovation if enforcement of the toleration is burdensome or costly for the tenant.

Further incentives for renovation are not required if the landlord is legally obliged to renovate (4.3.3). In this case, renovation targets can be achieved without the need for further incentives for the landlord. However, there is no general and comprehensive obligation for energy renovation in any of the countries under investigation (limited exceptions are individual retrofitting obligations, e.g. in Germany the obligation in the EnEV to exchange the boiler or to insulate the top floor). Between these two extremes, the incentive distribution between the tenant and the landlord is due to the distribution of costs (4.3.4.) and the state incentive for the lessor through subsidies and tax relief (4.3.5.). In the investigation of the incentive distribution between the tenant and the landlord, general provisions regarding the security of tenure must also be taken into account in addition to the special provisions for the cost of (energetic) renovation measures (see 4.1.2). For it can only be seen from this point onwards whether an increase in the market value of a dwelling by means of energy renovation can be realized by the landlord as part of (future) a rent increase.

4.3.1 Information duties

The information duties for the energy efficiency of rented dwellings are based on provisions of Union law. For a comparative study, therefore, three questions arise: First, to examine whether some EU countries have introduced sufficient information duties and, if so, what effects these seem to have. Secondly, the relevant Directive 2010/31/EU does not regulate the legal effects of energy certificates in the event of any legal disputes (see Article 12 (VII) refers to national law) or the legal consequences in the event of a breach of the duty to provide the required information. These are very different from one Member State to another. Thirdly, it is to be examined which regulations Switzerland has adopted in the context of alignment with EU law or autonomously with regard to the information requirements. In the present study, various regulatory approaches in Germany and Italy will be discussed in order to illustrate the subject matter. Furthermore, the regulations on information requirements in Switzerland are to be explained in more detail, since the so-called building energy certificate of the cantons (GEAK) has chosen a different approach from that in the EU Member States.

The Energy Saving Ordinance (EnEV), which was issued on the basis of the Energy Saving Act (EnEG)⁸⁶, contains in Germany the obligation for landlords of residential buildings to present an energy certificate to the potential tenants at the latest during the inspection and to hand them over at the conclusion of the lease agreement (§ 16 para EnEV). Infringements can be punished with a fine of up to EUR 15,000.00 (§§ 8 para. 1 no. 2, para. 3 EnEG, 27 para. 2 no. 4, 5 EnEV). However, small buildings with a floor area of no more than 50 m² and monuments are excluded from this obligation (§§ 16 para. 5 p. 1, 2 EnEV). Energy certificates issued before 1 October 2007 are valid as energy certificates as per § 16 EnEV for a period of 10 years from the date of issue (§ 29 para.

⁸⁶ Gesetz zur Einsparung von Energie in Gebäuden (Energieeinsparungsgesetz – EnEG) as amended on 01.09.2005 (BGBl. I 2684), which was last amended by Article 1 of the Law of (BGBl. I p. 2197).

1 EnEV).⁸⁷ If the landlord advertises a dwelling in commercial media, the landlord must already publish certain information from the energy certificate if an energy certificate already exists at the time of the advertisement (§ 16a para. 1, 2 EnEV). Infringements may also be punished with a fine of up to EUR 15,000.00 as of 1 May 2015 (§§ 8 para. 1 no. 2, para. 3, 27 para. 2 no. 6 EnEV).

In Italy, Law 90/2013 substantially broadened the obligation for landlords of residential buildings to submit to the potential tenants, at the latest during the negotiations or inspections, an energy certificate and to hand them over at the end of the lease agreement. This law provided for the obligatory inclusion of a clause in the lease agreement that the tenant should confirm the submission of the energy certificate at the time of the contract negotiations and, when handed over, to the conclusion of the rental contract. In the absence of the submission or transfer of the energy certificate, Law No 90/2013 provided for the nullity of the rental contract, which is an incomparably tougher sanction than the previously described German legislation, whereby only a fine is due. After protests by, among other things, real estate brokerage associations, these regulations were, however, already amended in a short time by Law No. 145/2013. Instead of the nullity action, the administrative penalty of up to EUR 18,000 is imposed—similar to the German approach.

In Switzerland, the Cantons are responsible for the limitation of energy consumption in buildings in accordance with Article 89 (4) of the Swiss Federal Constitution. The Cantons are not only mandated with enforcement, but also have legislative competence to create a favourable framework for the economical and rational use of energy in buildings, based on Article 9 of the Swiss Energy Act (EnG).

In order to adopt comparable provisions throughout Switzerland, despite the legislative competencies of the cantons, the Cantonal Energy Directives Conference in 2008 drew up model regulations for the cantons in the energy sector (MuKE)⁸⁸, which have been implemented by most cantons pursuant to their energy and construction laws. In the meantime, a revised version from the year 2014⁸⁹, which is still in the implementation phase at cantonal level but is to be completed by 2018, is already in place.

Since August 2009, the building energy certificate of the cantons (GEAK), which is issued by certified experts, shows the energy quality of a building. The building energy certificate of the cantons is comparable with the energy certificates of the EU Member States. Owners of a property thereby receive an evaluation of their property with regard to overall energy efficiency. This includes the building envelope, the building technology and the electrical installations. In addition, the GEAK provides recommendations on concrete measures to improve the energy efficiency of the building and to use renewable energies. The aim is to create transparency with the GEAK in the property market by making the energy consumption of a property visible. For buyers as well as tenants, this information card can be an important decisional criterion. The GEAK is constantly being further developed and since summer 2012, home owners have been able to request an additional advisory report for renewal and improvement measures including the measures' plan and cost estimates, the so-called "GEAK Plus."

However, the decisive difference from Union legislation is that for Swiss building owners, there is still no duty to create a building energy certificate. In contrast to the EU, there is no obligation to hand over this passport to a tenant upon signing the lease agreement. In the development of the new MuKE 2014, such a submission obligation was discussed, but ultimately not implemented.⁹⁰

⁸⁷ For further transitional arrangements, see § 29 para. 1 to 3a EnEV.

⁸⁸ http://www.endk.ch/media/archive1/energiepolitik_der_kantone/muken/MuKE2008_df.pdf (31.8.2015).

⁸⁹ <http://www.gl.ch/documents/MuKE2014.pdf> (31.8.2015).

⁹⁰ <http://www.energieschweiz.ch/de-ch/gebaeude/bauherrentipps/gebaeudeenergieausweis-der-kantone-geak.aspx> (31.8.2015).

4.3.2 Duty to tolerate renovations

The following is a description of the conditions under which the tenant may be required to tolerate energetic renovation. The investigation is carried out against the background of the general tenancy provisions on the duration and terminability of tenancy agreements discussed above. If the tenant is not legally entitled to the long-term continuation of the tenancy agreement, he/she will be more open to an agreement to tolerate the restoration measures if this also ensures the continuation of the lease. In case of need, a termination of the lease and an implementation of the measure in the vacated dwelling are also conceivable.

Table 19: Right of the landlord to perform renovations

Country	Level of security of tenure	Right of the landlord to perform renovations	Procedure to be followed	Rights to compensation
Denmark	There is a high level of security of tenure, i.e. performance of renovations must generally be based on separate requirements of the tenant to tolerate the measures.	The landlord is entitled to carry out improvements on his property.	The landlord must inform the tenant six weeks in advance if the measure does not significantly limit the use of the rented property and three months in advance if the renovation work involves a significant restriction on the use of the rented property (§ 55 Rent Law ⁹¹).	If the use of the rented property is impossible during the renovation work, the lessor has to provide a replacement apartment for the duration of the renovation. If the renovation measure affects the use of the apartment, a reasonable rent reduction can be demanded (§ 11 para. 2 Rent Law).
Germany	There is a high level of security of tenure, i.e. performance of renovations must generally be based on separate requirements of the tenant to tolerate the measures.	According to §§ 555a para. 1, 555d para. 1 BGB, the tenant must, in principle, tolerate both maintenance and modernization measures. According to § 555d para. 2 BGB (German Civil Code), however, there is no duty to tolerate renovation if the measure would subject the tenant, his family or a member of his household to hardship (non-financial hardship, which must be taken into account only in accordance with § 559 para 4 and 5 BGB)), which cannot be justified even in the light of the legitimate interests of the landlord and other tenants in the building as well as the interests of energy saving and climate protection.	Maintenance measures must be announced in advance (§ 555a para. 2 BGB). Modernization measures are to be announced in text form three months in advance (§ 555c para. 1 BGB) if the measure has not only a negligible influence on the rented property and only leads to a negligible rent increase (§ 555c para 4 BGB). If the tenant wishes to avert the modernization measure because of a hardship, he has to inform the landlord in writing of the circumstances giving rise to the hardship to the end of the month following the receipt of the modernization notice.	If the tenant is restricted in the use of his rented property by a renovation measure, he is entitled to a rent reduction (§ 535 BGB) the amount of which depends on the nature and extent of the impairment of the use of the rented property. For energetic building renovations under Section 555b (1) of the German Civil Code (BGB), however, this right is waived for a period of three months, § 536 (1) a BGB (German Civil Code). In addition, the lessee is entitled to reimbursement of expenses under §§ 555d para. 6 in conjunction with Article 555a (3) of the Civil Code; this can also include the provision of a replacement apartment in the case of uninhabitable properties.
England	Low security of tenure. This makes it more likely that a tenant voluntarily tolerates a renovation measure. For otherwise, a tenant can be forced to vacate the dwelling in less than six months.	The tenant usually has to tolerate minor renovation measures. In the case of extensive modernization measures, the landlord is entitled to a special termination right so that the measure is then possible in the vacated building.	The renovation measure must be communicated to the tenant	Tenant generally has no right to compensation.

⁹¹ Lov Nr. 188 of the tenancy law from 27 Februar 2007.

Country	Level of security of tenure	Right of the landlord to perform renovations	Procedure to be followed	Rights to compensation
Estonia	Low security of tenure. This makes it more likely that a tenant voluntarily tolerates a renovation measure. If necessary, the apartment can be cleared generally within a short period of no more than three months.	The tenant is to tolerate maintenance measures (Article 283 para. 1 LOA). Improvement measures must only be tolerated by the tenant if the construction work and the effects of the renovation are not an undue burden on the tenant (Article 284 para. 1 LOA).	In the case of modernization measures leading to a rent increase, the measure is to be announced by text form two months in advance (Article 284 (2) LOA). The tenant has a special right of termination. If this is used, the renovation measures may only be carried out after the end of the lease	Tenant generally has no right to compensation.
Finland	Low security of tenure. This makes it more likely that a tenant voluntarily tolerates a renovation measure. Otherwise, the apartment can generally be cleared within a short time.	In principle, there is a toleration claim for construction measures.	Construction measures which do not represent a significant burden on the tenant are to be announced at the latest fourteen days before the start of the measure (Tenancy Law Statute 21 Abs. 2 S. 2). Construction measures resulting in a burden shall be announced six months in advance. The tenant is entitled to a special termination right irrespective of any rent increases.	If the rented property cannot be used during the renovation, there is no obligation to pay a rental price. The impairment of the use leads to a reduction of the rental price.
France	There is a high level of security of tenure, i.e. performance of renovations must generally be based on separate requirements of the tenant to tolerate the measures.	The tenant must tolerate energy renovation measures. (Article 7 lit. e, Loi n ° 89-462 of 1989). Exception: If construction measures are not in compliance with the announcement, if they are abusive or lead to the impossibility or risk of becoming inhabited by the rented property, a renovation may be prohibited by the court decision at the tenant's request.	In accordance with Article 7 (89-462) of 1989, the landlord must notify the tenant in writing, by registered post, with a reference or by hand-over of the information, before the start of the measure. If the tenant cannot occupy the apartment during the renovation, he is entitled to a special right of termination.	According to Article 7 lit. e Loi n ° 89-462 i.V.m. Art. 1724 Code Civil, the tenant is entitled to a reduction in rent for renovation work lasting more than 21 days. In accordance with Article 1724 (3) Civil Code, the tenant also has a special right of termination if the rented property is uninhabitable for the period of the renovation.
Italy	There is a minimum contract term of 4 + 4 years, within which the contract cannot be terminated. Without an obligation to tolerate, renovation measures can only be implemented in the long term, after the expiry of the rental contract.	Italian tenancy law does not regulate renovation measures in detail. Art. 1582 Codice civile merely prohibits renovation measures which limit the use of the rented property. However, this refers to changes in the possibility of use after the renovation, not to the renovation period itself. Therefore, the provision is not applicable. The right of the landlord to enter the tenant's dwelling is governed by the general principle of good faith in the case of energy renovation measures (Article 1175 and Article 1375 Codice civile)	No procedural rules are provided in the law.	Compensation claims (in particular rights to rent reduction) may result from general contract law. However, case-law is not uniform.

Country	Level of security of tenure	Right of the landlord to perform renovations	Procedure to be followed	Rights to compensation
Latvia	Depending on the choice of the contract, open-ended tenancy agreements are permissible without justification and are gaining in importance in practice. Relatively high security of tenure in the case of open-ended contracts	There is a basic obligation to tolerate; the consent of the tenant is not required.	No procedural rules are provided in the law.	Tenant generally has no right to compensation.
Netherlands	There is a high level of security of tenure, i.e. performance of renovations must generally be based on separate requirements of the tenant to tolerate the measures.	Under Article 7: 220 (1) BW the tenant must tolerate "urgent work". Renovation measures are only permissible if the landlord submits an appropriate compensation offer to the tenant (Article 7: 220 (5) BW).	"Urgent work" is subject to notification only. Before renovating, the landlord must provide the tenant with an appropriate compensatory offer which may be refused. In this case, a court decides on the adequacy of the offer. If the apartment or the house is part of a residential block of at least 10 housing units or houses, the consent of 70% of the affected persons is sufficient for the compensation offer. If, despite the consent of 70%, the person concerned rejects the proposal, he can appeal to a court within eight weeks that the offer can prove to be unreasonable (Article 7: 220 (3) BW).	In the case of "urgent work" the tenant is not obliged to compensate. In the case of renovation work, the landlord must offer the tenant a reasonable compensation and pay any relocation and housing costs for the duration of the renovation if the rented property becomes uninhabitable during renovation.
Austria	This depends on the type of building, and therefore no general statements can be made. No protection exists for MRG collection projects, which corresponds to 46% of the private rental housing market in Austria and 20% in Vienna.	Outside the full application area of the MRG (about 2/3 of the apartments), the parties can freely regulate in their lease agreement which restoration measures are to be tolerated. A detailed regulation is customary in the leasing contracts, so that dispositive regulations general have no meaning. In the full application area of the MRG, a distinction is made between maintenance and improvement measures of §§ 3 and 4 MRG. The energetic insulation of the façade is to be defined according to established case law ⁹² in the case of repairs to a damaged external wall as a conservation measure. Only improvement measures require the consent of the tenant.	Outside the full application area, any procedures are subject to the privacy of the contracting parties. In the full application area of the MRG, an announcement is sufficient for maintenance measures. Improvement measures require the tenant's consent.	Tenant generally has no right to compensation.

⁹² Ris-Justiz RS0114108; Prader, MRG, § 3 E 162 (www.rdb.at 31.08.2015).

Country	Level of security of tenure	Right of the landlord to perform renovations	Procedure to be followed	Rights to compensation
Scotland	Low security of tenure. This makes it more likely that a tenant voluntarily tolerates a renovation measure. For otherwise, a tenant can be forced to vacate the dwelling in less than six months.	Renovation measures which continue to allow the accommodation to be inhabited generally must be tolerated by the tenant.	Renovation measures usually must be announced to the tenant. In the event of core remodelling, the landlord is also entitled to a special termination right.	Tenant generally has no right to compensation.
Switzerland	Low security of tenure. This makes it more likely that a tenant voluntarily tolerates a renovation measure. For otherwise, a tenant can be forced to vacate the dwelling within a short time.	The tenant must tolerate work which is necessary to remedy defects or is necessary to remedy or prevent damage (Article 257h para 1 OR). All other work (renewals and changes) can only be carried out by the landlord if this is reasonable for the tenant (Article 260 para 1 OR).	The landlord has to report the work to the tenant in a timely manner and to carry out the work as quickly as possible and without unnecessary immissions (Article 257h para 3 OR). ⁹³ In addition, a regular termination of the tenancy is always permissible on the part of the landlord if a restoration measure would otherwise not be feasible or the implementation would be made more difficult, since in any case a termination does not violate good faith.	For the duration of the work, the tenant can demand a rent reduction according to Art. 259d of the Swiss Code of Obligations and, if the other conditions are met, also damages according to Art. 259e of the Swiss Code of Obligations. The tenant is not entitled to any other claims.
Sweden	Very high security of tenure. Cancellation for the purpose of renovation is also not possible in the long term. The tenant's obligations to tolerate are thus of great practical relevance.	As a rule, the tenant's consent is required.	If the tenant refuses to consent to a renovation measure which the landlord has announced in writing and if no agreement can be reached, the lessor may file a claim in the rental court at the earliest two months after receipt of the written notification to the tenant. This may replace the requirement of the tenant's consent if the tenant's refusal is unjustified.	The tenant has a right to a rent reduction during the renovation work. If the dwelling is uninhabitable for the duration of the renovation, the landlord has to provide the tenant with a suitable replacement apartment.

The investigation shows that a refurbishment in most countries can be carried out within a short time without high additional financial burdens for the landlord. In detail, the countries can be grouped into three groups:

In the first group, the landlord can, as a rule, carry out renovation measures within a short period of time during the current tenancy with reasonable costs. Thus, the landlord does not usually have to pay flat-rate compensation to the tenant for impairments caused by the renovation, but the tenant may be subject to a rent reduction and reimbursement claim which may also include the cost of a replacement dwelling in the event of the apartment being uninhabitable. This group includes most European countries, among others, Germany, England, Finland, France, Latvia and Scotland. In these countries, landlords are usually burdened only with reasonable, and in any case not prohibitive, additional costs.

⁹³ Blumer, M. (2012).

In the second group, consisting of Estonia and Switzerland, renovations cannot always be performed during the current tenancy, but there is always the possibility to terminate this at short notice. Specifically: in Estonia, renovation measures which unduly burden the tenant are not tolerated. Similarly, in Switzerland only measures which are "reasonable" to the tenant must be tolerated. However, since a tenancy can be terminated in both countries within a short period of not more than three months, the absence of a duty to tolerate does not constitute a prohibitive obstacle to renovation measures. However, in the case of such a termination, the landlord receives no rental income for the duration of the renovation, and additional costs may arise for re-letting after the end of the action. Whether these costs can be compensated for by higher rental income in a new contract is not certain, but depends on the market situation in individual cases. It is true that, in view of an otherwise conceivable termination, restoration measures in the current tenancy relationship may be voluntarily tolerated in many cases, thereby reducing the additional costs. Compared to a duty to tolerate, the regulations in these two countries constitute only a minor obstacle.

There are clear negative incentives for renovation measures in the Netherlands, Poland and Sweden. This is because there is neither a duty to tolerate nor can a tenancy be terminated at short notice. In the Netherlands, the landlord must provide the tenant with a comprehensive compensation package for the burdens imposed by the redevelopment measures, which the tenant may also refuse. Only if the refusal is inadequate, a court can replace the tenant's consent in a regular procedure of potentially long duration. This results in higher additional costs. In Sweden there is also an authorization requirement, which can similarly be replaced by a court decision with the corresponding added costs and delays. Particular problems arise in the case of Poland. Only those renovation measures which do not require entry into the rented apartment have to be tolerated, while measures that can be implemented only within the home must not be tolerated. A refused consent of the tenant cannot be replaced by a court decision. The obstacles to the energy renovation of rented dwellings are therefore particularly high in these countries.

4.3.3 Compulsory energy renovation

There is no general and unconditional obligation for existing housing stock in the countries under investigation to achieve comprehensive energy building refurbishment, according to which certain minimum standards for the whole building could be achieved. However, renovation measures to improve energy efficiency can become mandatory in certain cases, particularly in the case of major expansion and conversion. However, both the extent of the improvements to be achieved and the circumstances under which energy renovations become mandatory vary greatly in the Member States under review.

The comparative study of the national reports shows that three main models can be distinguished: First, models are relevant in which owners of existing buildings are never obliged to comply with minimum energy standards (England and Italy). Second, models are important in which certain energy standards must be complied with—as required by EU law—when specific restoration measures are implemented by the owner (Denmark, Germany, Finland, the Netherlands, Austria, Poland, France according to the Energy Reform Law of 17.8. 2015⁹⁴). Finally, there is a model according to which the tenant is additionally entitled to energy renovation measures by the landlord if he is prepared to pay a higher rent (in the case of the countries under review only in the Netherlands). This innovative scheme, however, is still relatively new and does not yet seem to have gained much practical importance. There are also some uncertainties regarding the conditions of implementation, which so far have not been solved by the jurisprudence or the literature. Whether this approach is a successful model cannot be said on the basis of the concrete Dutch regulation and the experience gained from it so far.

⁹⁴ <http://www.gouvernement.fr/action/la-transition-energetique-pour-la-croissance-verte> (31.08.2015).

Table 20: Provisions on renovations

Country	Regulations for the mandatory renovation of existing buildings
Denmark	<p>Legal basis: Construction and renovation work is subject to the 1998 building law (byggeloven)⁹⁵ as amended in 2010⁹⁶ and various regulations adopted on this basis.</p> <p>The BR10 building regulations applicable across the country came into force on 1 January 2011;⁹⁷ it contains a new chapter 7 entitled 'Energy Consumption'.</p> <p>Application: In the case of building extensions, changes to the purpose of a building and core renovations.</p> <p>Efficiency improvement to be achieved: Alternatively, the requirements for new buildings or the special provisions of Chapter 7.3 "Changes to the use and extensions" shall be fulfilled. The requirements of chapter 7.3 apply to individual components.</p> <p><u>Requirements for new buildings</u></p> <p>The standard for new buildings "BR10" is fulfilled if the total energy requirement (kWh/m² of heated floor area per year) including heat loss, ventilation, cooling and hot water requirements (as well as lighting for non-residential buildings) does not exceed the figures given in the table below. BR10 also contains a standard for low-energy buildings called 'Lavenergy Class 2015', which was initially voluntary, but which has been the basis for a more stringent regulation since 2015.</p> <p>In August 2011, a further voluntary efficiency class (Bygningsklasse 2020) was introduced, which, however, contains additional requirements. The Danish definition of zero-energy houses are houses of Bygningsklasse 2020.</p> <p><u>Requirements for existing buildings after renovation</u></p> <p>The standard for new buildings BR10 has also led to an increase in the requirements for individual components, which means that, even if the installation is fully exchanged, the same requirements as the standard for new buildings BR10 have to be met, for example, in the case of a new roof, renovation of the building envelope or new windows. The U-value (W / m².K) of 0.15 is necessary for the exchange or the expansion of external walls or ceilings between the ground floor and the basement, for loft or attic extensions of 0.10, for windows of 1.40, for roof windows of 1.70 etc. In addition, there is a distinction in detail depending on the type of building used, e.g. for holiday homes or buildings, which are heated only to 5-15 ° Celsius.</p> <p>Actual enforcement: Compliance with compulsory national building codes is monitored by local authorities. Major renovations generally require a building permit, so that compliance with the building regulations is checked in the approval procedure. Smaller construction measures, however, need neither be approved nor indicated. In addition, there are inspections of third parties in so-called energy audits, increasingly with the help of infrared images.</p>
Germany	<p>Legal basis: The Energy Conservation Act (EnEG)⁹⁸ is the legal framework for the energy renovation of residential building stock, together with the energy savings law (EnEV) which was enacted on this basis.</p> <p>Application: A general and unconditional comprehensive energetic renovation obligation of existing buildings does not exist in principle. In the case of existing residential buildings, in which the owner undertakes certain renovation work on exterior components that the owner develops or extends, certain energy quality standards must be observed. In the case of changes to exterior components (for example, exterior walls, windows, outer doors and roof surfaces), maximum values of the heat transfer coefficients must be complied with in accordance with section 9 (1) sentence 1 EnEV. Alternatively, the contractor can provide evidence that the whole building meets a certain upper limit of the annual primary energy requirement and a certain quality of the thermal insulation (so-called 140% rule, exceeding the new building requirements by a maximum of 40%). In addition, there are few individual unconditional (independent of modernization) retrofitting obligations according to § 10 EnEV for the insulation of the top floor ceiling and of pipelines as well as the replacement of older boilers.</p> <p>Actual enforcement: The EnEV provides for fines in case of non-compliance with the established energy standards. Insofar as the requirements/obligations prescribed in §§ 9, 10 EnEV for existing residential buildings are deliberately or negligently not fulfilled, an administrative offense exists punishable with a fine of up to EUR 50,000 (§§ 8 para. 1 no. 1, Para. 3 EnEG, 27 para. 1 no. 1, 3-6 EnEV). The enforcement of the EnEV is the responsibility of the federal states. There is no central control system or central data collection.</p> <p>Further retrofit requirements: Under Para. 10 Article 1 EnEV, oil and gas boilers (except for condensing boilers and low-temperature boilers) installed before 1985 are not allowed to be operated after 2015. If the corresponding heating systems have been installed after 01.01.1985, they must be replaced after 30 years. If such oil and gas boilers were already installed before 01.10.1978, they cannot be operated as of 01.01.2007 or 01.01.2009. Thus, in limited circumstances, there are unconditional obligations to perform certain renovation measures. For additional individual retrofitting obligations, see § 10 para. 2 and 3 EnEV.</p>

⁹⁵ Lov Nr. 452 of 24 Juni 1998. Available online at <https://www.retsinformation.dk/Forms/R0710.aspx?id=133389> (31.08.2015).

⁹⁶ Lov om ændring af byggeloven Nr. 158 of 16 Februar 2010. Available online at <https://www.retsinformation.dk/Forms/R0710.aspx?id=130340> (31.08.2015).

⁹⁷ The Danish Ministry of Economic and Business Affairs (2010).

⁹⁸ Gesetz zur Einsparung von Energie in Gebäuden (Energieeinsparungsgesetz – EnEG) in the version of 01.09.2005 (BGBl. I 2684).I 2684), which was last amended by Article 1 of the law of 4. Juli 2013 (BGBl. I S. 2197).

Country	Regulations for the mandatory renovation of existing buildings
England	<p>There is no general energetic renovation requirement for existing buildings. Only certain measures have to be implemented in certain situations.</p> <p>These include</p> <p>Replacement of windows: Since 2003, double-glazed windows have also been required to replace existing windows and not just new buildings.</p> <p>When replacing heating and hot water systems, minimum energy standards must be observed. But there is no general renewal obligation.</p> <p>The mandatory installation of so-called intelligent electricity meters is currently being discussed.</p>
Estonia	<p>Legal basis: Construction law 2002 and related ordinances, in particular the ordinance of the Minister for Economic Affairs 30 of 30.08.2012.⁹⁹</p> <p>Application: In the case of comprehensive renovations, for single-family houses limit values of 210 kWh/m²a and for larger residential buildings limit values of 180 kWh/m²a can be achieved.¹⁰⁰ There are also standards for individual components (windows, doors, building envelope, etc.).</p> <p>Actual enforcement: A separate authority for the technical monitoring of these measures checks the submitted blueprints in the construction consent process and monitors compliance with the standards for energetic renovations, taking into account other factors (climate, technical feasibility, etc.). In practice, there are hardly any difficulties in complying with the technical standards required in Estonia.</p>
Finland	<p>Legal basis: Land Use and Building Act (21.12.2012 / 958) and Ministerial Decree of the Ministry of the Environment to improve the energy efficiency of buildings during renovation and alteration measures (Ympäristöministeriön asetus rakennuksen energiatehokkuuden parantamisesta korjaus- ja muutostöissä 4/13) from 27.2.2013, am 1.6.2013 entered into force.</p> <p>Application: All construction measures for which a building permit is required or building measures which serve to change the purpose of the building.</p> <p>Smaller construction measures, such as the insertion of a new window or a door, as well as measures relating to the interior of a building, can usually be carried out on the basis of an implementation permit or a display procedure. However, the competent municipal building authorities have discretion to decide whether a building permit is required.¹⁰¹ Renovation measures which do not require a building permit do not fall under the obligation to increase their efficiency.</p> <p>Exception: No restoration obligation applies if such measures are demonstrably technically, functionally or economically not possible.¹⁰² Economically impossible is a measure always when it cannot be implemented cost-efficiently.¹⁰³ Further exceptions are provided for some types of buildings such as agricultural buildings, listed buildings and buildings with an area of less than 50 m².¹⁰⁴</p> <p>Efficiency improvement to be achieved: One of the three objectives set out below must be achieved as an alternative:</p> <ol style="list-style-type: none"> 1. Improvement verification by means of individual components¹⁰⁵ 2. Improvement in kWh / m² / year according to building type¹⁰⁶ 3. Improvements of the so-called E-value according to building typology¹⁰⁷ <p>Actual enforcement: The municipal building authority monitors the implementation of the energy efficiency requirements for construction projects requiring a building permit.</p>
France	<p>Application: According to the new energy reform law of 17.8.2015, there are energy renovation requirements for existing buildings in the case of major renovations and alterations (roof renovation, conversion of facades and enlargements of the living space).¹⁰⁸ Further details could be found in announced but not yet adopted implementing regulations.</p>

⁹⁹ Building Act 15.05.2002, available online at <https://www.riigiteataja.ee/en/eli/519112013002/consolide> (31.08.2015).

¹⁰⁰ Energiatõhususe miinimumnõuded, Art 3, available online at <https://www.riigiteataja.ee/akt/105092012004> (31.08.2015).

¹⁰¹ Ministry of the Environment Decree on Improving the Energy Performance of Buildings undergoing Renovation or Alteration: Explanatory memorandum, 26 and 30.

¹⁰² Land Use and Building Act 117g(2) (21.12.2012/958), first sentence.

¹⁰³ Ministry of the Environment Decree on Improving the Energy Performance of Buildings undergoing Renovation or Alteration: Explanatory memorandum, 29 and 30.

¹⁰⁴ Land Use and Building Act 117g(2) (21.12.2012/958), second sentence.

¹⁰⁵ Ympäristöministeriön asetus rakennuksen energiatehokkuuden parantamisesta korjaus- ja muutostöissä, 4.

¹⁰⁶ Ympäristöministeriön asetus rakennuksen energiatehokkuuden parantamisesta korjaus- ja muutostöissä, 6.

¹⁰⁷ Ympäristöministeriön asetus rakennuksen energiatehokkuuden parantamisesta korjaus- ja muutostöissä, 7.

¹⁰⁸ <http://www.gouvernement.fr/action/la-transition-energetique-pour-la-croissance-verte> (31.08.2015).

Country	Regulations for the mandatory renovation of existing buildings
Italy	<p>Application: For private property owners, there are still no requirements as to energy efficiency for existing buildings. So far, these exist only for new buildings. For large companies, a review is required regarding the energy efficiency of their buildings. Otherwise, the government relies solely on subsidy mechanisms.</p>
Latvia	<p>Legal basis: Ēku energoefektivitātes likums ("Building Energy Efficiency Law") of 6.12.2012¹⁰⁹, Regulation No. 907 of 28.09.2010¹¹⁰, Dzīvojamā māju pārvaldīšanas likums ("Building Conservation Act") of 4.6.2009¹¹¹.</p> <p>Application: In the case of private residential buildings, an obligation to meet energy efficiency standards is required only for comprehensive building refurbishment. This includes, in particular, the rehabilitation of façades if these cover more than 25% of the building surface. In the case of the exchange of components, individual technical standards¹¹² as well as the standards of the European Commission for Standardization¹¹³ must be complied with. In the course of a necessary conservation work, an energy-saving renovation must also be carried out if the energy consumption is more than 200 kWh / m²a or more than 150 kWh / m²a, if heat energy is only used for the heating.</p>
Netherlands	<p>Legal basis: Besluit energieprestatie gebouwen, Art. 5.6 i.V.m. Art. 5.3 para. 1-4, Art. 5.4 Bouwbesluit 2012</p> <p>Application: When renovating the respective parts of a building.</p> <p>Efficiency improvement to be achieved: In the case of renovations, the following values must be taken into account with regard to the heat resistance of the outer envelope of a building: for exterior walls, the roof and the floor, the R_c must be at least 3.5; windows must not exceed a U value of 1.65. The guideline values are to be increased in 2015, but the exact figures are not yet available.</p> <p>Contractual claims of the lessee:</p> <p>A special regulation of the renovation obligation by decision of a judge at the request of the tenant can be found in Art. 7: 243 BW (section: General provisions on residential rental):</p> <ol style="list-style-type: none"> 1. Where a dwelling requires a measure referred to in paragraph 2, the judge may, at the request of the lessee, determine that the landlord is obliged to make this improvement on his own account, provided that the tenant consents to a rent increase that is proportionate to the cost. This rule cannot be derogated to the disadvantage of the tenant. 2. Measures referred to in paragraph 1 are: <ol style="list-style-type: none"> a. The thermal insulation of external walls; b. The thermal insulation of the construction representing the boundary to the cellar; c. With regard to the hot water installation, the installation of a boiler with an efficiency of at least 80% if the existing boiler is at least ten years old.¹¹⁴ <p>An examination of the actual meaning of this provision, in particular in buildings with several rental parties, is currently not yet possible due to its rare application in practice.</p>

¹⁰⁹ 06.12.2012. Ēku energoefektivitātes likums. <http://likumi.lv/doc.php?id=253635> (31.08.2015).

¹¹⁰ 28.10.2010. Ministru kabineta noteikumi Nr. 907 „Noteikumi par dzīvojamās mājas apsekošanu, tehnisko apkopi, kārtējo remontu un energoefektivitātes minimālajām prasībām” <http://likumi.lv/doc.php?id=218831> (31.08.2015).

¹¹¹ 04.06.2009. Dzīvojamā māju pārvaldīšanas likums. <http://likumi.lv/doc.php?id=193573> (31.08.2015).

¹¹² <https://www.lvs.lv> (31.08.2015).

¹¹³ <https://www.cen.eu/> (31.08.2015).

¹¹⁴ Translation: Tobias Pinkel.

Country	Regulations for the mandatory renovation of existing buildings
Austria	<p>Preliminary remarks: Duties for energy renovation result from the state building regulations as well as the provincial laws for the promotion of residential buildings and residential building refurbishment. As an example, only the provisions of the Building Regulations for Vienna (WBO) are to be described in more detail with regard to a possible compulsion for thermal renovation.</p> <p>Legal basis: The state building regulations as well as the technical standards of the Austrian Institute for Construction Engineering (OIB), especially the Directive No. 6 (OIB-RL 6)¹¹⁵ and the ÖNORMs¹¹⁶ of the Austrian Standards Institute.</p> <p>Application: In the case of comprehensive renovation¹¹⁷ of buildings with a total utilization area of more than 1,000 m², the requirements for heating demand in the OIB-RL 6 have to be met.</p> <p>Exceptions: This obligation exists only if the exterior insulation of the façade (thermal insulation) can be carried out without a permit or a permit is granted. According to the WBO, only the retroactive application of a thermal insulation to non-articulated façades of legally conforming buildings outside protection zones and areas with building restrictions (section 62a para. 1 no. 31 WBO) are free from authorization.¹¹⁸</p> <p>The retroactive application of thermal insulation to buildings with articulated façades and buildings in protected areas, on the other hand, is subject to approval (Section 60 para. 1 lit. e WBO). In the case of buildings within the protection zone and in the case of listed facades, the insulation of the outer facade is generally not possible since the identical façades are preserved in the original. The installation of an exterior insulation in the façades facing the street is usually prohibited for reasons of site and ensemble protection; this restriction does not apply to non-articulated courtyard façades. Even outside protection zones, the installation of thermal insulation on articulated façades in the sense of site and ensemble protection is only permissible in individual cases in coordination with the building authority. Buildings under monument protection generally may not be covered with outer insulation.¹¹⁹</p> <p>Efficiency improvement to be achieved: For comprehensive renovations of residential buildings, a maximum permissible annual heating requirement of 87.5 kWh per m² and year has been in force since 1.1.2010.¹²⁰</p> <p>Actual enforcement: The relevant building authority of the municipality in whose area the dwelling is located is responsible for compliance with and monitoring the legal minimum requirements for energy renovations. The institutions of that authority shall periodically carry out random checks to verify compliance with the legal requirements.</p>
Poland	<p>Legal basis: Regulation of the Ministry of Transport, Building and Port Management of 5 July 2013, which amended the regulation of technical standards for buildings and their sites.¹²¹</p> <p>Application: The new technical standards applicable since 1.1.2014 apply to new buildings, including reconstruction, enlargement and changes to the use of the building. In the case of renovation, the targets for new buildings can be exceeded by up to 15% depending on the condition of the building.</p> <p>Efficiency improvement to be achieved: Firstly, an improvement in the thermal insulation of exterior building walls, roofs, windows, doors, etc. is to be achieved by introducing stricter standards in the heat transfer coefficients of building components. Secondly, a maximum level of primary energy consumption is set for new buildings.</p>
Scotland	<p>Legal basis: Building (Scotland) Act 2003 and subsequent Implementing Regulations.</p> <p>General rules: Energy efficiency standards apply to new buildings, but some provisions also cover renovation measures. In addition, basic roof insulation is required for all existing residential buildings in Scotland which do not meet the "tolerable standard".</p> <p>Individual measures: If windows are replaced, double glazing windows have been mandatory since 2003.</p>

¹¹⁵ http://www.oib.or.at/RL6_061011.pdf (31.08.2015).

¹¹⁶ The ÖNORMs are standards developed on the basis of the Standardization Act, which have been prepared in specialist committees or which are based on international agreements (eg "EN" standards of the European Committee for Standardization, "ISO" standards of the International Organization for Standardization or "IEC" standards of the International Electrotechnical Commission); See in detail <https://www.austrian-standards.at/> (31.08.2015).

¹¹⁷ These include time-related renovations if the total costs of this rehabilitation exceed 25% of the building value or at least 25% of the building envelope is subjected to a rehabilitation or if central parts of the building envelope and the house-building trades are renewed or largely replaced; Hüttler/Sammer, Innovative Sanierungen von Gründerzeitgebäuden – technische Optionen und rechtliche Fragen, immolex 2010, 237 (240).

¹¹⁸ Hüttler, W.; Sammer, K. (2010), S.237-240.

¹¹⁹ Hüttler, W.; Sammer, K. (2010), S.237-240.

¹²⁰ For details on the exact calculation of the maximum permissible heat demand, see point 3.4.1 of the OIB at http://www.oib.or.at/RL6_061011.pdf (01.02.2016).

¹²¹ Dziennik Ustaw 2013, item 926.

Country	Regulations for the mandatory renovation of existing buildings
Switzerland	<p>Preliminary remark: The cantons are primarily responsible for the creation of favourable conditions for the economical and rational use of energy. Obligations for energy renovations are derived from the cantonal laws, cantonal regulations based on the model regulations of the cantons in the energy sector (MuKEn) 2008¹²² and 2014¹²³, municipal licensing procedures and standards as well as technical regulations. The new MuKEn 2014 regulations were adopted in January 2015 and are in the implementation phase through the cantons. The model regulations of the cantons in the energy sector (MuKEn) 2008, which were implemented as standard in most cantons, should be presented here.¹²⁴</p> <p>Legal basis: Art. 89 (1) and (4) of the Federal Constitution, Art. 9 (1) to (3) Energy Act 1998, cantonal laws, cantonal regulations based on cantonal regulations in the energy sector (MuKEn) 2008 and 2014, technical regulations.</p> <p>General regulations: An upper limit of 48 kWh per m² of energy reference area (4.8 l of fuel oil equivalent) is to be achieved for new buildings with the MuKEn 2008. For extensively renovated houses, a maximum consumption of 90 kWh (9 l fuel oil equivalence) is permitted. However, requirements are only applied to the individual components (U-values); Unlike in the EU Member States, no overall energy efficiency is regulated. The standard introduced by the MuKEn 2008 results from the previous standards for so-called "MINERGIE" renovation.¹²⁵ The requirements of the MuKEn 2008 apply according to Art. 1.3 lit. (B) for the renovation and conversion of existing buildings which are heated, ventilated, cooled or moistened, even if these measures are not subject to approval by building law. Attachments and new building-like conversions, such as guttering and the like, are valid as new buildings, except in trivial cases, and have to meet the stricter requirements for new buildings.</p>
Sweden	<p>Legal basis: plan- och bygglag¹²⁶ (planning and building law), plan- och byggförordningen¹²⁷ (planning and building regulation), Boverkets byggregler¹²⁸ ("Construction of the Ministry of Housing, Construction and Planning (= Boverket)").</p> <p>General regulations: The same technical standards are generally applicable to new buildings and extensive building renovations in Sweden. However, if a building does not reach the new standards required after the renovation, the Boverkets byggregler (BBR) will have exceptions with lower technical requirements. The BBRs take into account the differences between three different climatic zones and the type of heating system when setting the standards. Climate zone 3 (southern Sweden with Stockholm) has an energy consumption of 90 kWh / m²a for buildings that are not equipped with electric heating. For buildings with electric heating, a standard of 55 kWh / m²a applies. Sweden also sets particular standards for the renewal and/or replacement of certain building parts (windows, doors, etc.).</p> <p>Factual enforcement: The local building authorities are responsible for verifying compliance with the building standards, including for energy renovations. Interesting here is the fact that sanctions are evaluated by the authorities in a two-stage process. First, an assessment of the rehabilitation during the construction phase is carried out. A second check is carried out after the expiry of two heating periods. If the verification proves that the standard has not been adhered to, the building owner or builder may be required to pay administrative penalties.</p>

¹²² http://www.endk.ch/media/archive1/energiepolitik_der_kantone/muken/MuKEn2008_df.pdf (31.08.2015).

¹²³ http://www.endk.ch/media/archive1/energiepolitik_der_kantone/muken/MuKEn2014_d20150109.pdf (31.08.2015).

¹²⁴ For details on the impact of EU energy policy see also EnDK (Ed.), *Auswirkungen der Eu-Politik im Gebäudebereich auf die Mustervorschriften der Kantone im Energiebereich* (2013), 1 ff.; http://www.endk.ch/media/archive1/fachleute/fachinformation/Bericht_AuswirkungenRichtlinie201031EU.pdf (31.08.2015).

¹²⁵ <http://www.minergie.ch/> (31.08.2015).

¹²⁶ <http://www.notisu.se/rnp.sls/lag/20100900.htm> (31.08.2015).

¹²⁷ <http://www.notisu.se/rnp.sls/lag/20110338.htm> (31.08.2015).

¹²⁸ A non-official English translation of the Boverkets byggregler is available online at <http://www.boverket.se/Om-Boverket/Webbokhandel/Publikationer/2008/Building-Regulations-BBR/> (31.08.2015).

4.3.4 Rent increases due to energy renovation measures

If the setting of rents is regulated, it is necessary to investigate the extent to which energy renovations may permissibly result in rent increases. For this reason, the countries are initially grouped, in order to then be able to present the particularly relevant regulations in detail.

Table 21: Regulation of rent increase in relation to energetic renovation measures

Special rules for the cost distribution	No regulation of the rent or reasonable rent increases are permitted on a regular basis (only prohibition of abuse)	Regulation of the rent amount
Special rules for the cost distribution in the case of renovation measures in general or in the case of energetic building renovation in particular		<p>Denmark</p> <p>Germany</p> <p>Netherlands in the area of the regulated leasing market: although the possibility of raising rent amount is generally dependent on the point-to-point valuation, there is a special rule for evaluating the value depending on energy efficiency.</p> <p>Austria in the full application area of the MRG</p> <p>Poland</p> <p>France: According to loi no ° 2009-323 from 25.03.2009, the owner can demand the financial contribution to the renovation costs for a period of 15 years of up to half of the amount that the tenant could save due to the renovation-related operating cost reduction. There are no generally other possibilities for rent increases.</p>
No specific regulation	<p>England: Possibility of rent increases depends solely on the market situation.</p> <p>Estonia: Possibility of rent increases depends solely on the market situation.</p> <p>Finland: Possibility of rent increases depends solely on the market situation.</p> <p>Latvia: Possibility of rent increases depends solely on the market situation.</p> <p>Austria Fully excluded from the MRG: possibility of rent increases depends on the market situation and the agreement of the parties in the lease agreement.</p> <p>Switzerland: Possibility of rent increases depends solely on the market situation.</p> <p>Scotland: Possibility of rent increases depends solely on the market situation.</p>	<p>Italy: In the short and medium term, a rent increase is not possible, as such is excluded during the term of the rental contract including the first extension by the landlord. According to this, the rent level depends on what the market allows.</p> <p>Sweden: Negotiation. For collective agreements with the tenant organization, otherwise directly with the tenant. If no agreement is reached, resort can be had to a rental court.</p>

Denmark, Germany, the Netherlands, Austria and Poland have proved to be particularly interesting in this investigation. In these countries, either the rents are regulated or the possibility of rent increases is severely restricted. As a result, the base rents (depending on the country often or always) are below what could be achieved as a rental price on the market. In these cases, it is the decision of the legislature to which extent the tenant is involved in the cost of energy renovations. The concrete arrangements are very different. In most countries the participation depends on the costs involved, but these can be limited to adequate (Poland) or local (Austria) measures for energy renovation. The Netherlands is a special case. The funds used here have no influence on the possibility of rent increases. Rather, this is to be assessed exclusively on the basis of a complex point system after the improvement of the energy status of the leased object per m². The regulations of these countries are a focus of the following remarks.

A further special case is Sweden. In most cases, the possibility of rent increases depends on an agreement between landlords and a tenant organization with which a collective agreement exists. The state therefore has no

influence on the incentive structure for energy renovation measures, regarding incentives for the landlord. In any case, the tenant organizations do not pursue explicit climate policy goals. Thus, the incentive measure is available only to the state.

France and Italy also have singular characteristics. In France, there can be generally no rent increase due to an energy renovation measure. In Italy, this also applies in the short and medium term. However, a lease term normally limited to 4 years is automatically terminated after the first renewal. After this, the rent can be negotiated freely depending on the market situation.

In the other countries—England, Estonia, Finland, Latvia, the Netherlands in the deregulated area of the leasing market (less than 10%, only "luxury real estate"), Austria outside the full application area of the MRG (about 2/3 of the private leasing market) and Scotland—the market decides exclusively about the possibility of raising rents for an energetic building renovation measure. On the market there are only incentives for those measures which lead to noticeable savings in the tenant's energy consumption.

Denmark

If the landlord carries out improvement measures—including measures for energy renovation—on a rented dwelling, he may demand an increase in the rent to the extent that the value of the dwelling has risen. The terms "improvement" and "increase in the value of the leased property" are not defined further by law.

Against this background, it is difficult to determine the maximum allowable rent level, which has led to numerous legal disputes.¹²⁹ The same applies to increases in rent after improvement measures, taking into account the actual difference in the quality of the rental dwelling before and after the improvement measure. In general, such an increase in rent is intended to provide a reasonable profit for the landlord through the improvement measure and to cover the cost of managing, maintaining and insuring the improvement. The calculation is based on the instalment payment of a mortgage loan at the time of the implementation of the improvement measure. This is exemplified by the installation of an energetically improved window that costs EUR 1,000. A part of this is to be regarded as a conservation measure and does not lead to a rent increase. 75%, that is, EUR 750.-, is intended as an improvement measure pursuant to § 58 Rental Act. The calculated instalment payment could be 5%. This results in a permissible rent increase of EUR 37.50 per year for the rental property, which can be levied permanently.¹³⁰

Germany

According to § 559 para. 1 BGB, the landlord is entitled to increase the annual rent by 11% of the costs incurred as a result of the implementation of modernization measures. According to § 555b no. 1 BGB, this also includes measures for energy renovation ("measures which are sustainable in terms of end-of-lease potential"), such as the insulation of the exterior wall or the installation of more insulating windows.

Except for the possibility of rent increases, measures have been taken to save the primary energy sustainably or to protect the climate in a sustainable manner (§ 555b No. 2 BGB), but which do not sustain sustainable energy savings (e.g. change of energy sources without savings). This is because they are used solely for climate and energy policy purposes and have no closer relationship with the rented dwelling.¹³¹

¹²⁹ Edlund, H.H. (2004), S.4; Jakob Juul-Sandberg (2014), S. 100.

¹³⁰ Juul-Sandberg, J. (2014), S.100.

¹³¹ BT-Drs. 17/10485, 24.

The costs for the dwelling include only the actual costs of modernization with the result that discounts, rebates etc. can be deducted.¹³² In accordance with section 559a (1) of the German Civil Code (BGB), such costs are to be deducted by the tenant or by a third party or covered by public subsidies. The same applies in the case of interest-subsidized or interest-free public-sector loans for the resulting annual amount of the interest reduction, provided that modernization costs are covered (§ 559a Abs. 2 S. 1 BGB). If, on the other hand, grants or loans cover current expenses, the annual amount of the subsidy or loan is deducted (§ 559a para. 2 sentence 4 BGB). Tenant loans, prepaid rental payments or third-party services provided by the tenant for the modernization measure are equivalent to loans from public authorities in accordance with § 559a para. 3 p. 1 BGB (German Civil Code) and therefore are not counted as eligible costs. In addition, funds from the financing institutions of the federal government or a country pursuant to § 559a para. 3 p. 2 BGB apply as funds from public budgets, so that KfW subsidies are also deducted. In addition, costs which would have been necessary for (alternative) conservation measures are not to be calculated in according to § 559 paragraph 2 German Civil Code (BGB).¹³³ To the extent that modernization measures also serve to maintain or repair the rented property, the lessor must therefore determine the hypothetical maintenance costs (if necessary by estimation) and deduct proportionately from the total costs.¹³⁴ Finally, in the case of the implementation of modernization measures for several dwellings, the costs according to § 559 para. 3 BGB must be distributed appropriately to the individual dwellings.

After adjusting the modernization costs for the aforementioned items as well as a possible redistribution to several dwellings, the landlord can convert up to 11% of the calculated sum to the annual rent. However, this regulation applies in general to improvement measures and is not limited to energy renovation measures that pursue savings in cost of utilities.

For 2016, a further tenancy law reform is planned, which should further restrict the possibility of rent increases after renovation measures.¹³⁵ However, a draft recommendation on rental law reform was not yet available in January 2016. The following are currently under discussion:

- Reduction of the possibility of increasing annual rent from 11% to 8% of the renovation costs.
- Limitation of the pay-as-you-go to "necessary costs", whereby, above all, luxury renovations are to be excluded. With regard to energy renovations, however, this concept still needs to be made more concrete.
- Introduction of further restrictions on rent increases in the case of renovation measures of a maximum of 50% of the rent within 8 years and a maximum of EUR 4,- / m² of living space.
- Temporary limitation of the rent increase after renovation measures, as is the case in Austria, does not seem to be discussed at this time.

¹³² Börstinghaus, U.P. (2003)

¹³³ BGH, NZM 2001, 686.

¹³⁴ BT-Drs. 17/10485, 24.

¹³⁵ Christian Altmann, Mietrechtsreform 2016, available online at <http://kanzlei-gruenwald.de/aktuelles/mietrechtsreform-2016/>; Fleindl, Modernisierung von Wohnraum und Mieterhöhung, NZM 2016, 65.

The Netherlands

The possibility of increasing the rent depends on the impact of the renovation on energy efficiency. Energy efficiency is part of the point system for the calculation of the maximum permissible rental rate. The monthly rent per point is about five euros.

Table 22: Scoring System for regulating rent in the Netherlands

Energy standard of the residential unit	Points for a single-family house	Points for an apartment
Label A++	44	40
Label A+	40	36
Label A	36	32
Label B	32	28
Label C	22	15
Label D	14	11
Label E	8	5
Label F	4	1
Label G	0	0

source: www.rijksoverheid.nl

If the evaluation of a residential unit after the renovation exceeds 142 measuring points, it is no longer subject to the regulated rental sector after a new letting, which has many advantages for the landlord. The rent then depends only on market conditions.

Another interesting point in the Dutch system is that rent increases do not depend on the amount of renovation costs, but on the increase in energy efficiency. Therefore, there is an incentive for the landlord to develop a renovation strategy that is at the same time efficient and cost-effective. The risk of a moral dilemma can be avoided, which otherwise comes into question in systems that are based exclusively on the actual costs of rehabilitation and can lead to an incentive for the landlord to produce high costs for a small increase in efficiency.

Austria

In Austria, the possibility of increasing the rent depends on whether the provisions of the MRG can be applied in full, in part, or not at all to the lease in question.

In the so-called full-application area of the MRG, expenditures for energy renovations are initially to be covered by a rent reserve that has been formed in the past 10 years ("rent-reserve"). If this reserve of the last ten years is insufficient to finance the energy renovation, the landlord has to pre-finance the costs, if necessary by taking out a loan, to the extent that the expenditure is expected to be covered by the rental income anticipated during the foreseeable period of investment or their technical lifetime, but at most within the next 10 years (Section 3 (3) MRG). Thereafter, the landlord has the possibility to submit an application to the court for an increase in rent in order to finance the cost of the energy renovation not covered by the reserve of the last 10 years and the expected revenue of the next 10 years (§ 18 MRG).

Alternatively, tenants and landlords have the option of agreeing on a temporary lease agreement pursuant to section 16 (10) MRG.¹³⁶ However, such an increase agreement is only effective if:

1. it is concluded in writing,
2. has passed at least six months after conclusion of the rental contract,
3. the monetary value of the increase in the rental price and the period of the increase are expressly agreed,
4. in the case of temporary rental contracts, the period of the rent increase before the expiry of the rental contract ends.¹³⁷

In the so-called partial application and full-scale area of the MRG, the landlord is in principle responsible for the execution and financing of energetic reconstruction works (§ 1096 ABGB). However, this is a legally binding statutory provision, so that in practice an agreement between the contracting parties is regularly agreed upon in the case of an (energy) renovation.

Poland

If the landlord is unable to obtain an appropriate rent which allows for the preservation and improvement of the dwelling, he is entitled to a special right to increase the rent according to Article 8a (4a) TPA.

The consequences for an increase in rent due to extensive renovation measures are regulated in Art. 8a (4b) item 1b TPA. Thereafter, the landlord may add to the rent up to 10% of the invested capital for desirable improvement measures that improve the value of the residential unit.

4.3.5 Subsidization

The incentive distribution between landlord and tenant can be significantly influenced by state intervention in the form of tax benefits or direct subsidies. This is all the more true if the rental market itself does not provide sufficient incentives for energy renovation or weaker market participants are excluded from access to the rental market by means of rent increases due to energy renovation measures. A comprehensive study of all subsidy mechanisms to create incentives for landlords and/or tenants to undertake energy renovations is unfortunately not possible within the framework of this study because of the large number of different funding programs and measures in the individual countries. On the contrary, there is only a brief overview of the most important subsidization mechanisms used by all countries under investigation in the area of energy renovation.

In principle, direct and indirect support measures for renovation in general and energy renovation in particular must be distinguished. Direct support measures are government services in the form of loans, grants or aid. Indirect promotion measures, on the other hand, are tax benefits granted by the state for both energy and general renovation measures. From a functional point of view, it is also necessary to include deduction regulations, which are already derived from the general tax system, but which can also be used for energy renovation measures. In addition, energy efficiency standards must also be taken into account when carrying out individual renovation activities of a general nature such as the replacement of windows and the renovation of the façade or the roof. This also applies, of course, to direct grants of general renovation measures. Finally, in the case of indirect support measures, it is irrelevant for the purposes of the following comparison whether the tax benefit is granted in the form of a tax exemption or deduction (for example, investment deduction or exempted investment). These tax benefit regulation measures are to be regarded as functionally equivalent incentives for the energetic building renovation.

¹³⁶ Theoretically a voluntary increase according to § 16 Abs. 1 Nr. 5 MRG is possible. The increase is perpetual, not tied to a defined cause and can be up to as high as the customary average rent prices in the area.

¹³⁷ Stabentheiner in Rainer, Miet- und Wohnrecht, Chap. 3.2.8.2 (www.rdb.at 31.08.2015).

Direct support measures

In the case of direct support measures, most of the countries under review use a combination of measures for general renovation and special measures for energy renovation. Furthermore, the majority of the countries surveyed rely on a mix of funding and grants. Only in Poland are loans reimbursed, while in Finland the promotion is based on low-cost loans and redemption subsidies. In Denmark, Sweden and Latvia, on the other hand, loans are not used, but only on direct payments in the form of grants

Table 23: Direct subsidies by country

Country	Subsidization measure(s)
Denmark	<ul style="list-style-type: none"> - grants for the energy renovation of dwellings with a public purpose - grants for the supply of energy from solar panels or other small plants for renewable energy sources - grants for general redevelopment measures from the urban regeneration program for buildings erected before 1950, with special energy renovation measures offering a higher prospect of promotion
Germany	<ul style="list-style-type: none"> - low-interest loans and redemption subsidies or, alternatively, investment grants for energy-saving investments through KfW's CO2 building renovation program (nationwide) - grants for the supply of energy from solar panels, biomass plants and energy-efficient heat pumps (nationwide) - grants for consultations on energy efficiency (heat protection, heat generation and heat distribution, use of renewable energy) by qualified consultants - over 1000 individual support programs of the countries
Estonia	<ul style="list-style-type: none"> - low-interest loans for energy renovation measures, provided energy savings of minimum 20% in dwellings up to 2000m² of living space and of min. 30% in dwellings over 2000 m² - grants for individual energy renovation measures of up to 35% of the project costs, e.g. for the application of heat insulation, etc.
England	<ul style="list-style-type: none"> - grants for individual energy renovation measures such as the installation of heat insulation, etc. - enabling of project-specific loan financing including billing via the electricity account; interest rate is calculated on the basis of the expected saving potential for energy consumption
Finland	<ul style="list-style-type: none"> - low-Interest loans and repayment grants for general renovation
France	<ul style="list-style-type: none"> - interest-free loans for individual energy renovation measures up to EUR 30,000.- - grants for comprehensive energy renovation measures
Italy	<ul style="list-style-type: none"> - low-interest loans and repayment grants for general renovation - grants for the purchase of dwellings after energy renovation
Latvia	<ul style="list-style-type: none"> - grants for individual energy renovation measures of up to 20% of the project costs, e.g. for the application of heat insulation, etc. - many individual support programs for cities and municipalities
Netherlands	<ul style="list-style-type: none"> - low-interest loans for energy renovation (national) - grants for energy renovation (regional and local)
Austria	<ul style="list-style-type: none"> - low-interest loans and repayment grants for general renovation - grants for individual energy renovation measures
Poland	<ul style="list-style-type: none"> - loans with redemption allowance for energy renovation measures - loans with redemption allowance for the construction of solar panels
Scotland	<ul style="list-style-type: none"> - grants for individual energy renovation measures such as the installation of heat insulation, etc. - enabling of project-specific loan financing including billing via the electricity account; interest rate is calculated on the basis of the expected saving potential for energy consumption
Sweden	<ul style="list-style-type: none"> - grants for the supply of energy from solar panels

Indirect support measures

Tax incentives essentially relate to two areas. On the one hand, about half of the countries reviewed apply a reduced rate for value added tax to the purchase of construction materials and/or the implementation of energy-saving sanitation measures. On the other hand, in almost all countries under scrutiny, it is possible to claim a whole or partial exemption from income or corporation tax liability for the costs of energy renovation.

Value Added Tax

Denmark, Germany, Estonia, Finland, Latvia, Sweden and Switzerland do not provide a benefit in the form of a reduced tax rate. On the other hand, England, France, Italy, the Netherlands, Austria, Poland and Scotland have established such an instrument in their tax regimes, as displayed in the following table:

Table 24: Value added tax benefits

Country	Type of tax benefit
England	Normal tax rate 20%; reduced tax rate of 5% for energy renovation; supporting the purchase of building materials and carrying out the work of construction companies.
France	Normal tax rate 20%; reduced tax rate of 10% for general renovation measures and 5.5% for energy renovation; supporting the purchase of building materials and carrying out the work of construction companies.
Italy	Normal tax rate 22%; reduced tax rate of 10% for general renovation measures; supporting the purchase of building materials and carrying out the work of construction companies.
Netherland	Normal tax rate 21%; reduced tax rate of 6% for energy renovation; supporting the carrying out the work.
Austria	Normal tax rate 20%; reduced tax rate of 10% for general renovation measures (conservation measures); supporting the purchase of building materials and carrying out the work of construction companies; supports also home owners' associations only if the benefit is passed on to the owner.
Poland	Normal tax rate 23%; Reduced tax rate of 8% for general recovery measures; supporting the purchase of building materials; Tax benefit expired in 2014.
Scotland	Normal tax rate 20%; Reduced tax rate of 5% for energy renovation; supporting the purchase of building materials and carrying out the work of construction companies.

Income tax and corporate income tax

All countries with the exception of Poland and Latvia rely on a tax credit for income tax and corporate income tax for energy renovation measures. This is realized either in the form of tax breaks for general renovation measures (advertising costs for income from renting and leasing according to German terminology) or from additional tax incentives only for energy renovation; a combination of both forms is rarely found. Even if the first group results from the general tax system and is not intended as a support measure, it can provide an appropriate incentive, which is why both groups should be functionally qualified as tax breaks.

Table 25: *Income tax and corporate income tax benefits*

Type of benefit	Country
Examples of promotion of general renovation measures	<p>Denmark: Landlords and tenants can deduct up to DKK 15,000 annually for general renovation measures.</p> <p>Germany: Landlords are able to deduct expenses for the repair or maintenance of dwellings as business expenses or operating expenses in a sum (§ 11 para. 2 p. 1 Income Tax Act), and in the case of larger measures also distributed to two to five years (§ 82b para. 1 Income Tax Implementing Regulation). The taxpayer can obtain a tax reduction of up to EUR 1,200 (§ 35a (3) Einkommensteuergesetz) for craftsmen who do not pay any business or operating expenses.</p> <p>Estonia: Landlords and tenants are able to deduct financing costs for general renovation measures.</p> <p>Finland: Landlords and tenants are allowed to deduct annual costs for work of construction companies for general renovation measures up to EUR 2.400, -.</p> <p>Italy: Homeowners and tenants can deduct up to 65% of the investment costs for investments in renovations</p> <p>Austria: Landlords and tenants can deduct 25% of the costs of renovations which substantially increase the value of the dwelling or substantially extend the period of use, as special expenses, insofar as they do not constitute operating expenses or business costs (§ 18 para 1 no Income tax legislation); but only for income up to EUR 60,000, and up to a maximum of EUR 2,920, or EUR 5,840, - (sole earners).</p> <p>Sweden: Landlords can deduct annually up to SEK 100,000, - for general renovation measures.</p> <p>Switzerland: Landlords can deduct costs for general renovation measures, in particular for energy renovation measures, as long as these measures are not subsidized by public funds.</p>
Examples of promotion of energetic renovation measures¹³⁸	<p>England: Landlords can deduct up to GPD 1,500, - annually for investments in energy renovation.</p> <p>France: Homeowner and tenant can deduct 15% to 20% of the costs for energy renovation of the primary dwelling, maximum EUR 8,000, - for one person, EUR 16,000, - for two persons and EUR 400, - for each additional person in the household, but only every 5 years.</p> <p>Netherlands: Companies can deduct 41.5% of the investment costs for investments in energy-saving technologies each year.</p> <p>Scotland: Landlords can deduct up to GPD 1,500, - annually for investments in energy renovations.</p>

An examination of the different subsidization strategies of the countries shows that special subsidies aimed at energy renovation measures are increasingly used in the field of direct funding, in particular in the form of the promotion of concrete individual renovation measures.

¹³⁸ In some of these countries there are additional possibilities for general refurbishment measures, but they cannot be regularly used specifically for energy renovation.

5 Classification and path development in the countries under review

As the country profiles (chapter 2) and the comparative investigations of the national tenancy laws (chapter 4) reveal, the countries reviewed have specific profiles of prevailing structural framework and tenancy regulation—in particular based on the basic housing characteristics, the situation and the regulation modes of the rental housing market and the energy efficiency status of rental buildings. In the following, common trends of the countries under review in their structures and housing policy strategies are modelled in type groups with similar characteristics. Following the example of the classification of social-state models according to Esping-Andersen¹³⁹, status quo as well as strategies and techniques of regulation can be made visible and related in different countries.

One aim of the analysis is to look for similar and different development paths that explain the current status of the rents and energy efficiency regimes, and reveal probable future trends and also the need for action. As something of a by-product, a status determination can be sketched for Germany in a European comparison. With which of the countries under investigation are the similarities greatest and where are the greatest differences?

Finally, the reconstruction of transnational joint development paths serves to solve the ideal-type models of the 'liberal', 'corporatist' or 'social-regulative' rents and energy efficiency regimes and to identify evidence-based ideal types that are presented and explained at the end of the chapter. In order to underpin the established connections, selected results from this phase were presented in thesis form to the country reporters for a final assessment. The results of this query were included in the summary classification.

5.1 Welfare regimes and trends

The methodology of this study is based on an analogy from comparative welfare state research. This is in so far as the three main features considered in the following

- basic principles of the national housing market,
- rental housing market and its regulation,
- energy efficiency and regulation of energy renovation

All in the broader sense of welfare policy, with which the relations are evident. In earlier investigations on the different types of the welfare state and the welfare regimes¹⁴⁰, three ideal types of welfare regimes were identified. However, under the influence of general liberalization tendencies, EU enlargement and the global financial crisis, significant shifts have emerged in the past quarter-century in the typological assignments, so that today, as a rule, a modified and partially extended structure of the welfare regimes is to be considered for classification and group formation.¹⁴¹ Therefore, in addition to the classic typology of Esping-Andersen in 1990, an updated classification based on the methodology of Esping-Andersen is being undertaken in this study, which is based on five ideal types of welfare regimes.¹⁴²

¹³⁹ Esping-Andersen, G. (1990).

¹⁴⁰ Esping-Andersen, G. (1990).

¹⁴¹ E.g. Szelényi, I.; Wilk, K. (2009).

¹⁴² Updated classification/extension according to the Esping-Andersen model, created by RegioKontext / UrbanPlus.

The traditional model is based on three central structure types:

1. Liberal: According to this model, the regulation of the relationship between supply and the prosperity of the population dominates the market. Regarding the regulation of market conditions, law and welfare state institutions are comparatively weak. Social security—including housing—is primarily based on self-responsible provision, which is supported by the state only through controlled (need-based) poverty reduction and securing the subsistence minimum. Two countries were assigned to this group in 1990. From the viewpoint of the research team of this study, the updated modelling shows some additions:
 - a. 1990 - United Kingdom, Switzerland
 - b. 2015 - United Kingdom¹⁴³, Switzerland, Estonia, Latvia

2. Corporatist-Statist: Under this welfare regime, there is a "status-conserving" welfare state, which is based on the Bismarck welfare model with its acquired insurance benefits based on the status on the labour market. Both the performance and the equilibrium principle as well as an institutionalized social partnership-oriented discourse (corporatism), which is supported by interest representations, according to which the state, if appropriate, according to special need and circumstances—e.g. disability—by tax-financed services.
 - a. 1990 - Austria, France, Germany, Italy
 - b. 2015 - Austria, France, Germany, Poland, Netherlands (limited)

3. Social-Democratic: In this type of welfare regime (which is not to be understood in the sense of a political party but as a type of governance), the state assumes a comprehensive and regulatory responsibility for the well-being of citizens on the basis of extensive and universal redistribution, especially through the tax system. Benefits are granted on the basis of civil law and only to a limited extent on the basis of situational need.
 - a. 1990 - Sweden, Denmark, Finland, the Netherlands
 - b. 2015 - Sweden, Denmark, Finland (limited)

Two categories are now typically added to the above groups:¹⁴⁴

- Transformation/liberal: The post-socialist democracies, with their specific features of systems in transformation, experienced a more or less abrupt turn to liberalization and a comprehensive reduction of welfare state guarantees, generally combined with a far-reaching privatization of housing. Of the countries under review, Estonia and Latvia were assigned to this group.

2015 - Estonia, Latvia

- Mediterranean/familial: Mediterranean EU Member States are placed in this category, in which a rather liberal and weak welfare system is (partially) compensated by provision through family, so that the weaknesses in social protection and housing provision are not as strong as they would be assumed under a systemic view.

2015 - Italy

¹⁴³ In the following as in the previous chapters, England and Scotland are examined separately in place of the United Kingdom.

¹⁴⁴ Széleányi, I. (2010). Stark, D. (1999).

Table 26: Welfare state type of the countries under review

Country	Esping-Andersen: Welfare state types (1990) ¹⁴⁵	Updated classification based on Esping-Andersen (2015) ¹⁴⁶
Denmark	Social Democratic type	Social Democratic type
Sweden	Social Democratic type	Social Democratic type
Finland	Social Democratic type	Social Democratic type with Liberal elements
Austria	Corporatist-Statist type	Corporatist-Statist type
France	Corporatist-Statist type	Corporatist-Statist type
Germany	Corporatist-Statist type	Corporatist-Statist type with Liberal elements
Switzerland	Liberal type	Liberal type
Netherlands	Social Democratic type	Corporatist-Statist type with Liberal elements
England	Liberal type	Liberal type
Scotland	Liberal type	Corporatist-Statist type with Liberal elements
Italy	Corporatist-Statist type	Mediterranean-Familial type
Poland		Corporatist-Statist type with Liberal elements
Estonia		Transformation/Liberal type
Latvia		Transformation/Liberal type

Quelle: own representation

The overview shows the strong trend towards a liberalization of welfare regimes in Europe, which is also to be found in other EU Member States. For example, Belgium, Spain, Portugal and Greece, also display a shift toward increasingly liberal welfare regimes, coupled with a reduction in the level of security and productivity. These shifts, which are linked to a polarization of employment and income in many countries, have a direct impact on participation in the housing market and, as a result, also on the willingness and ability of smaller-scale property owners and tenants to participate in the cost of energy efficiency measures.

¹⁴⁵ Classification performed by Esping-Andersen, G. (1990).

¹⁴⁶ Updated and expanded classification based on the methodology of Esping-Andersen, created by RegioKontext/UrbanPlus.

5.2 Methodology of Classification

5.2.1 Approach

Categorizing and grouping was done in several steps. First, three main features were defined:

1. Basic characteristics of the national housing market
2. Rental housing market and its regulation
3. Energy efficiency and regulation of energy renovation measures

Several relevant individual indicators were determined for each of these main features. Of particular importance was that these indicators should be comparable and as independent as possible. A selection was then made from these individual indicators. As a result, approximately five central, meaningful individual indicators were defined and entered into a comparison matrix for the three main characteristic areas. In a next step, the individual indicators were then used to record numbers or central qualitative statements for the individual countries.

On the basis of the comparison matrix, the countries with similar characteristics could in each case be grouped within the three main characteristic areas. In this way, a new combined matrix (14 countries/3 main features areas) was created. In a last step, countries with similar characteristics could then be grouped into three groups, with a weighting taking into account, in particular, the main characteristic areas Nos. 3 and 2, so that the countries were finally divided into three main types (I, II and III).

5.2.2 Particular indicators

The following is an overview including a description of the particular indicators selected for the three main characteristic areas:

Main feature area 1: Basic characteristics of the national housing market

Building typology

While in the country profiles (chapter 2) the building typology as a whole has been described, the focus here is on the rental properties. Three types were defined for the comparison to be made:

- a far predominant share of apartments (to be found in Sweden, Austria, France, Germany, Switzerland, Italy, Poland, Estonia, Latvia)
- a medium share of apartments as well as rented one and two-family houses (Denmark, Finland, Netherlands, Scotland,)
- a high proportion of leased single houses (England)

Share of rented housing in the housing stock

According to the data from the country reports, the percentage share of rented apartments in the total rental income was used here. The countries with a rental housing portfolio of 40 percent or more were then classified as "high", the countries with values between 20 and 40 percent of the "medium" category and those with less than 20 percent of the "low" category of housing.

Table 27: Classification of the characteristic "share of rented dwellings"

Country	Share of rented dwellings (as % of total housing stock)	Category
Denmark	41	high
Sweden	34	medium
Finland	27	medium
Austria	40	high
France	42	high
Germany	55	high
Switzerland	63	high
Netherlands	40	high
England	35	medium
Scotland	34	medium
Italy	(21) ¹⁴⁷	(medium)
Poland	15	low
Estonia	9	low
Latvia	15	low

Trend toward owner occupation

The comparative analysis of the development on national housing markets shows that there is a general trend towards more owner occupation in all countries under study. However, this general trend is different in the individual countries (also from very different high ownership quotas). Three categories were defined for the comparison table:

1. The trend towards owner occupation is **strong** (England, Scotland, Italy, Poland, Estonia, Latvia);
2. Trend towards owner occupation is of **medium** strength (France, Germany)
3. Trend towards owner occupation is **low** (Denmark, Sweden, Finland, Austria, Switzerland, Netherlands)

This classification follows from the change in the home ownership rate since the beginning of the millennium.

¹⁴⁷ Italy: 21% of households

Degree of organization of market actors

The level of organization of the market actors serves as a benchmark for the role of tenants, the professional public and private institutional landlord and the private (small) landlord with regard to their influence both in politics and in decision-making structures inherent to housing, especially with regard to the implementation of energy efficiency measures (i.e. in the form of associations and other politically relevant interests). The degree of organization was classified as **high / medium / low**.

A generally high level of organization of market actors is found in Denmark, Sweden and—with slight reservations—also Austria. This is in Italy, however, generally low, as is also in Poland, Latvia and Estonia, where at most the professional landlords are somewhat better organized. In addition, there are several countries where the degree of organization of the various groups of actors is different, such as in Germany, France, Finland, the Netherlands and Scotland. The representation of the interests of the professional landlords is very effectively organized here, but the degree of organization and the political influence of the numerous small private tenants and the tenant associations are not as strong.

Extent and tendency of state intervention

This indicator shows the role and depth of state housing policy interventions which serve, in particular, the housing supply of low-income households or those at a disadvantage in the housing market, for example through the development of subject-related housing benefits or expenditure on object-related or subject-related subsidies. The basis for this was the country reports and qualitative expert assessments with a view to the development tendency of the last ten years.

The following categories could be defined:

1. stable - at a high level (the Netherlands, Austria, Scotland)
2. stable - at a low level (England, Estonia, Latvia, Poland, Switzerland)
3. declining (Denmark, Finland, Sweden)
4. non-uniform (Germany, France, Italy)

A general reinforcement of housing policy interventions in the rental housing sector over the past ten years was not observed in any of the countries studied. Constant state interventions at a high level are found, for example, in Austria and the Netherlands, while a decline was observed in countries such as Denmark and Sweden. Germany—in particular due to the competencies of the federal states—and Switzerland are regarded as states with inconsistent, qualitatively and spatially contradictory trends (for example, comprehensive privatization measures and, in parallel, the creation of publicly subsidized social housing stocks).

Main feature area 2: The housing market and its regulation*Proportion of social housing in rented housing*

This indicator reflects the share of social housing in the overall rental housing stock and thus indicates proportional relationship between social housing and the housing sector. The figures are based on the figures given in the country reports ("Rental dwellings below market rent/with public task").

Countries with a social housing share of 60 per cent of rented housing or more were classified as "high", countries with values between 40 and 60 per cent of the "medium" category, and countries with a share of between 20 and 40 per cent of the "low" and the countries with a social housing share of less than 20 percent of the "very low" category.

Table 28: *Classification: Share of social housing in the total rental housing stock*

Country	Share of social housing in overall rental housing stock (as %)	Category
Denmark	50	medium
Sweden	(no differentiation)	
Finland	47	medium
Austria	55	medium
France	45	medium
Germany	7	very low
Switzerland	14	very low
Netherlands	78	high
England	48	medium
Scotland	65	high
Italy	29	somewhat low
Poland	60	high
Estonia	19	somewhat low
Latvia	3	very low

Relevance of small actors (proportion of small private landlords)

A further country-specific feature of the rental housing market is the importance of small private landlords, who rent only one or a few apartments. This category, which is increasing in Europe overall as a result of transformations and privatization, the rise in owner-occupied housing and demographic change, includes different types of landlords:

- Owners and acquirers of mostly small multi-family houses, which are rented out (partial).
- Owners and acquirers of owner-occupied apartments in an apartment building, which are rented individually as investment properties.
- heirs of single-family houses, condominiums and smaller multi-family houses, which do not have their own housing needs themselves, or are dependent on sale and therefore let the dwellings.

Depending on the size of their share in the rental housing market, the countries were classified as "high" (50% or more) or "low" (less than 50%). Above-average is the relevance of small actors in Austria, Germany, Italy and Estonia. In the rest of the countries reviewed, small landlords play only a subordinate role.

Relevance of non-profit housing companies

The importance of non-profit housing companies in the national rental housing market is also a key characteristic. Depending on their share in the rental housing market, the surveyed countries were classified as "high" (50% or more) or "low" (less than 50%). The importance of non-profit housing companies is clearly above-average in Denmark, England, Finland, the Netherlands, Poland, Scotland and Sweden, while they are nearly trivial in Switzerland. In the remaining countries too, the share of non-profit housing companies and cooperatives remains below a quarter of the rental housing market. It is significant in this category that it includes companies renting housing from a social point of view, as well as non-profit companies renting to a particular clientele, e.g. cooperatives.

Security of tenure

This indicator represents a qualitative assessment of the tenant's security of tenure, which is derived from the respective national rental regulations. Particularly high is the security for the tenant, for example, with an open-ended tenancy relationship and if a termination by the landlord is only possible under special circumstances (especially in the event of serious breaches of the contract by the tenant). Tenants enjoy a very high security of tenure, for example, in the Netherlands and Sweden. On the other hand, the tenant's security of tenure is very low, for example, in England: short fixed-term tenancy agreements are customary in the private rental housing market, and the landlord is free to refrain from renewing the rental contract. Taking into account the specific rental provisions, the countries were classified as follows:

- high to very high security: Netherlands, Sweden, Denmark, France, Germany, Poland
- non-uniform: Austria (rather high security), Latvia
- medium security: Italy
- predominantly low security: England, Estonia, Finland, Scotland, Switzerland

Regulation of rent price

A qualitative assessment has been made taking into account the national provisions for the regulation of the rental price (for example, general tenancy limits or the limitation of tenant increases). The following categories could be defined, to which the countries under study were assigned:

1. rents predominantly regulated - also with re-letting: Denmark, Netherlands
2. regulation of existing rents (high): Germany¹⁴⁸, France, Italy, Latvia, Poland
3. regulation of existing rents (low): Estonia, Switzerland
4. mostly no regulation of rents: England, Scotland
5. mostly collective agreements: Sweden
6. non-uniform: Finland, Austria

Substantial regulation of rents (including re-letting) is found, for example, in Denmark and the Netherlands. In Germany and France, for example, there is a comparatively strong regulation of existing rents, while in Estonia they are only marginally regulated and there is almost no regulation in England and Scotland.

¹⁴⁸ The rent brake had not yet been introduced at the time of typing in Germany. Since it only applies regionally, a different classification of Germany would nonetheless not have taken place at this point.

Main feature area 3: Energy efficiency and regulating energy recovery measures

Building energy efficiency status

The mean energy consumption value (kWh / m²) was first used as a decisive indicator for the general energetic state of existing housing stock. Since some of the information requested in the questionnaires cannot be easily compared across countries,¹⁴⁹ two qualitative categories were identified on the basis of the available country data and additional information.¹⁵⁰

1. On average, comparatively high energy consumption values in the building stock—and correspondingly higher need for action: Finland, England¹⁵¹, Estonia, Latvia, Poland, Scotland¹⁵²
2. On average, comparatively low to medium energy consumption values in the building stock—and correspondingly lower need for action: Denmark, Germany, France, Italy, the Netherlands Austria, Sweden

Comparatively high energy consumption values are found, for example, in Finland and Latvia, although this is also influenced by the geographic location. However, the housing stock in Sweden, which is also located in the north, has significantly lower energy consumption values. On the other hand, the German housing stock ranks by comparison in the middle for energy efficiency.

Regulation of the implementation of energy measures

This indicator illustrates the way in which the implementation of energy measures is regulated in relation to landlord tenants. On the one hand, the countries surveyed differ in terms of whether there is procedural regulation or substantive regulation regarding the implementation of energy renovation measures in the rental housing sector. In the case of the former, only the procedure and framework conditions for the self-organization of the parties in the implementation of renovation measures are regulated, without any further provisions regarding the content of individual measures being made, such as in § 555d German Civil Code (BGB). This group can still be differentiated according to whether the affected tenants receive some form of compensation during the renovation measures. In countries with substantive regulation (requirement of tenant consent), whether and to what extent the landlord may also carry out renovation measures against the will of the tenant depends on individual substantive provisions. In this respect, the countries under review can be distinguished according to whether collective or individual consent of the affected tenants is required. The following categories were defined accordingly:¹⁵³

- procedural regulation / compensation (France)
- procedural regulation / no compensation (e.g., England, Scotland, Switzerland)
- procedural regulation / predominantly no compensation (Germany)
- substantive regulation / collective agreement (Latvia, the Netherlands)
- substantive regulation / individual consent (Denmark, Estonia, Finland, Poland, Sweden)
- individual consent (no long-term tenancy relationship: Italy)
- non-uniform (Austria)

¹⁴⁹ Thus, for reasons of lack of comparability, current modernization activities in the countries under review had to be disregarded here.

¹⁵⁰ Foremost the European Environment Agency: Household energy consumption for space heating per m² (2010, climate corrected).

¹⁵¹ In the absence of individual values for England and Scotland, the mean value of the United Kingdom was used here.

¹⁵² Ibid.

¹⁵³ For this use of the conceptual pair "*procedural*" ("*prozedural*") and "*substantive*" ("*materiell*") cf., for example, Schmid, C. (2010): 15ff. : However, the terms *procedural* and *substantive* do not represent exact facts, but rather types, so that a precise classification is not always possible.

Compulsory renovation

Here, the extent to which energy renovation measures are required by law is presented. The countries under review can be classified into the following three categories:

1. Comprehensive renovation measures obligatory (claim of the tenant if he is willing to pay a higher rent): Netherlands.
2. Energy renovation measures partly obligatory: Denmark, Germany, Finland, Austria, Poland
3. No obligation to undertake energy renovation measures: England, France, Italy
4. non-uniform (with very different specific characteristics): Estonia, Latvia, Sweden, Scotland, Switzerland

However, since the regulations in the individual countries are very different in detail and not all countries can be assigned to the three categories mentioned, this indicator was considered only a subordinate factor in the country typing.

Allocation possibilities in existing tenancies

This indicator shows the different possibilities that allow a rent increase to be increased due to energy renovation measures. In countries where the rent is generally market-based and not regulated, the rent can be increased according to the current market situation after carrying out energy renovation measures. On the other hand, in the majority of the countries where the general rental price is regulated, there is also a regulation of the rent increase for reimbursement of renovation costs. However, these regulations are very different in detail in the individual countries. For the purpose of typing, the countries were assigned to the following categories:

- pure market-dependent (no regulation): England, Estonia, Italy, Scotland, Switzerland
- partially regulated / market-dependent: Germany¹⁵⁴, Poland
- partially regulated / non-uniform: France
- regulated / cost-based: Denmark
- regulated / non-uniform: Sweden, Netherlands
- non-uniform: Finland, Latvia, Austria

Demand for public funding for energy recovery measures

This is a qualitative assessment of the participating country reports. The indicator gives an indication of the relevance of public funding for the implementation of energy renovation measures. The countries were classified into one of the categories: high, medium or weak. High demand is seen in Germany, Austria and Switzerland, while it is comparatively low in Estonia, Latvia, the Netherlands and Sweden. All other countries have medium ratings.

¹⁵⁴ The German rent mirror system, which aims at "market-compatible regulation", has been interpreted here as partial regulation; although the rent increase option of § 559 BGB is based on this system, it includes a complete regulation of the allocation of energy-related renovation costs.

5.3 Classification

5.3.1 Partial classification of main feature area 1: Basic characteristics of the national housing market

In the first main feature area, which shows the basic characteristics of the national housing market, three main groups and one special group were identified, to which the countries under review were assigned.

Group 1: “Established rental sector with a corporatist character”

The countries of this group (Austria, the Netherlands, Switzerland) are characterized by a high rental income ratio and a weak trend towards owner occupation. Moreover, despite the fundamental market orientation of housing, the countries have a stable level of state housing policy interventions (but in Switzerland at comparatively low levels). Another common characteristic is a high level of organization of professional landlords.

Group 2: “Stable rental sector with a market-orientation character”

These countries (Denmark, Sweden, Finland) also show a comparatively weak trend towards owner occupation. However, one finds here not quite as high rent housing quotas as in the first group. Another distinctive feature is the state's withdrawal in the area of housing policy interventions. As in the first group, the degree of organization of the professional landlords and, in some cases, the tenants (especially in Denmark) is also high in these countries.

Group 3: “Ownership-oriented housing market with a liberal character”

The third group consists of six countries (Poland, Estonia, Latvia, England, Scotland, Italy), which are characterized by a comparatively strong trend towards a higher proportion of owner occupation. At the same time, the proportion of rented housing is rather low (except in England and Scotland where this is low), and the extent of government housing interventions is relatively low in comparison to the country (except in Scotland where this is somewhat higher and in Italy where state interventions present a non-uniform picture). The degree of organization of the professional landlords is predominantly medium in these countries, while the level of organization of the private landlords and the tenants remains at a relatively low level. Somewhat outside of the framework is again England and especially Scotland, where these groups of actors are all more organized. Lastly, the three Eastern European countries under review showed a high proportion of housing income in the rental housing sector (from the period since 1945).

Group 4: “Housing market with a strong rental housing sector and non-uniform intervention”

With this criterion, France and Germany form a separate group. These two countries are characterized by inconsistent housing policy interventions by the state. Furthermore, both countries have a relatively high rented housing share and a moderately high trend towards owner occupation. The level of organization of the professional landlords is high, and the level of organization of the tenants is inconsistent. In addition, there are a large proportion of apartments in the rental housing sector (from the period since 1945), which are often created by public funding.

5.3.2 Partial classification of main feature area 2: The housing market and its regulation

Group 1: "Non-profit-oriented rental housing market with high security of tenure"

This subgroup—consisting of Denmark, Sweden, the Netherlands and Poland—is characterized by a high degree of relevance for the residential housing market in the sense of non-profit housing companies and an overall high to very high level of security of tenure. The share of social housing with rents below the market rent is medium to high in these countries. The rental price for existing rents is generally comparatively heavily regulated—in Denmark and Sweden also for new rents (in Sweden, the model of collective agreements).

Group 2: "Rental housing market with high degree of security of tenure in a subordinate non-profit sector"

The countries of this group (France, Germany, Austria) are characterized by a generally high level of security in tenure (although non-uniform in Austria). Compared to the countries of the first subgroup, however, the relevance of non-profit housing companies is lower—the share of these is below the country average, even if there are significant regional differentiations. For example, there is a strong non-profit sector in Austria, especially in Vienna, whereas this is weak in other Austrian provinces. In Germany and Austria, however, small private landlords have a great importance, whereas in France they have only secondary importance. Finally, regulation of the amount of existing rents is comparatively high in France and Germany (inconsistent in Austria).

Group 3: "Free rental housing market with low security of tenure"

In the countries of this subgroup (Finland, Switzerland, England, Scotland, Estonia), there is little secure tenancy in the free housing market. However, in some of the countries there is a high proportion of non-profit housing companies and a relatively large number of social dwellings. In Estonia and Switzerland, however, the non-profit sector is weak, but there is at least a certain regulation of the amount of the existing rents in these two countries. These are hardly regulated in the free housing market in England and Scotland, whereas in Finland the regulation of the rental price is inconsistent.

Italy and Latvia are not taken into account in this partial typing due to very different individual results.

5.3.3 Partial classification of main feature area 3: Energy efficiency and regulating energy recovery measures

Group 1: "High degree of regulation of energy renovation"

The countries of this group (Denmark, Sweden, the Netherlands, Latvia) are characterized by a comparatively high degree of regulation: the actual possibility of carrying out energy renovation measures (the tenant's duty to tolerate) is substantively regulated in these countries (collectively or individually). Denmark and Sweden require individual approval from the affected tenants, and collective agreement is required in Latvia and the Netherlands. The distribution of renovation costs in existing tenancy relationships is predominantly regulated (but not uniform in Latvia). In several countries of this group, there is also at least a partial obligation to carry out energy renovation measures (Netherlands, Denmark). Denmark, Sweden and the Netherlands are among the countries with the most energy-efficient housing stock (in Latvia the heating energy demand is, however, above-average). In the countries of this group, the demand for subsidies for energy recovery measures is low to medium.

Group 2: "Medium degree of regulation of energy renovation with procedural focus"

The second group, consisting of France, Germany and Austria, has a lower level of regulation compared to the previous group. Apart from Austria, where the provisions are non-uniform, the implementation of energy renovation measures (in particular the tenant's duty to tolerate) in the countries is mainly procedurally regulated. The distribution of renovation costs is partly regulated in these countries—in Germany this allocation is cost-based with market-dependent elements. With the exception of France, these countries display some commitment to the implementation of energy renovation measures. The energy-efficiency status of dwellings—and therefore the need for action—is generally medium in this group and, according to the assessment of the country reporters, the call for funding is in the medium to high range.

Group 3: "Low degree of regulation of energetic renovation despite an increased need for action"

The third subgroup includes Switzerland, England, Scotland, Italy and Estonia. The level of regulation in the implementation of energy renovation measures is comparatively low in these countries. In England, Scotland and Switzerland the implementation of energy renovation measures (tenant's duty to tolerate) is only procedurally regulated. In Estonia and Italy, the individual tenant's consent is required—but in Italy, in the case of long-term, non-secure tenancy agreements. The distribution of renovation costs is purely market-based in all countries of this group. In addition, there were no legal requirements in any of the countries for the implementation of energy renovation measures. According to the information available, the housing stock in England, Scotland and Estonia shows on average only moderate energy efficiency, which means that the need for action is relatively high (Italy and Switzerland did not have any clear information on this).

Finland and Poland are not taken into account in this partial typing due to very different individual results (individual, substantive-regulated consent associated with, for example, disparate regulation of the allocation possibilities of the rehabilitation costs in the existing tenancy relationship, above-average heating energy demand).

5.4 Summarizing classification and interim results

The following table (see next page) gives an overview of how the countries can be grouped according to the three main characteristic areas (columns 1 to 3). A special emphasis was placed on the third main feature area (energy efficiency and regulation of energy recovery measures). The main feature area 2 was given less weight, and the main feature area 1 was downgraded further (with yet lower weight). This gives the primary issue of energy efficiency and regulation the greatest relevance, while the two other main features are now subordinated. On this basis, the countries can be divided into three groups (column 4).

As a result, the countries under study can be essentially allocated to three main types (column 4 "Overall"), and the following grouping is thus obtained:

Type 1: "High share of non-profit rental dwellings with a comparatively high degree of regulation of energy renovation"

The countries of this group (Denmark, Sweden, the Netherlands) are characterized by a comparatively high degree of regulation aimed at implementing measures of energy renovation and shifting costs on tenants. The requests for public subsidies are low to medium in this group. Non-profit housing associations and cooperatives have mostly high relevance in these countries and security of tenure is likewise high.

Type 2: "Medium degree of regulation on energy renovation combined with high degree of security of tenure"

This group of countries (France, Germany, Austria) displays a medium degree of regulation on energy renovation (normally, this regulation has a procedural focus, except in Austria). The allocation of costs on tenants is legally possible to different degrees (no uniform regulation in Austria). The requests for public subsidies are medium to high. Security of tenure is generally high in these countries (in Austria, it depends on the type of rental buildings). Especially in this group of countries, there is a high degree of overlap with the extended Esping-Andersen system (see Chapter 5.1, Table 1). The three countries mentioned here are assigned to the Corporatist-Statist type.

Type 3: "Low degree of regulation on energy renovation combined with a rather low degree of security of tenure"

This group is made up of countries (Switzerland, England, Scotland, Italy, Estonia) in which energy renovation measures are comparatively little regulated. Thus, in England, Scotland and Switzerland, only the procedure to be observed for energy renovation works is regulated. In Estonia and Italy, the consent of the tenant is required; alternatively, the landlord may terminate a rental contract in a medium term perspective. The allocation of renovation costs on the tenant is not legally regulated but market-based. Security of tenure in the private rental sector is generally low in this group.

Finland, Poland and Latvia display individual features in central issues, for which reason they cannot be accommodated plausibly in this classification. For this reason, they could not be integrated into final analysis either.

Table 29: Overall classification of the countries into groups

Preliminary comment: The coloration in this table is intended to give a better overview within each column, in order to make the particular groups for identifiable. The coloration does not establish any further substantive relationships.

Country	1. Basic features of the national housing market	2. The rental housing market and its regulation	3. Degree of regulation of energy renovation	Overall
Netherlands	Established rental sector with a corporatist character	Non-profit-oriented rental housing market with high security of tenure	High degree of regulation of energy renovation	High share of non-profit rental dwellings with a comparatively high degree of regulation of energy renovation
Denmark	Stable rental sector with a market-orientation character	Non-profit-oriented rental housing market with high security of tenure	High degree of regulation of energy renovation	High share of non-profit rental dwellings with a comparatively high degree of regulation of energy renovation
Sweden	Stable rental sector with a market-orientation character	Non-profit-oriented rental housing market with high security of tenure	High degree of regulation of energy renovation	High share of non-profit rental dwellings with a comparatively high degree of regulation of energy renovation
Germany	Housing market with a strong rental housing sector and non-uniform intervention	Rental housing market with high degree of security of tenure in a subordinate non-profit sector	Medium degree of regulation of energy renovation with procedural focus	Medium degree of regulation on energy renovation combined with high degree of security of tenure
France	Housing market with a strong rental housing sector and non-uniform intervention	Rental housing market with high degree of security of tenure in a subordinate non-profit sector	Medium degree of regulation of energy renovation with procedural focus	Medium degree of regulation on energy renovation combined with high degree of security of tenure
Austria	Established rental sector with a corporatist character	Rental housing market with high degree of security of tenure in a subordinate non-profit sector	Medium degree of regulation of energy renovation with procedural focus	Medium degree of regulation on energy renovation combined with high degree of security of tenure
England	Ownership-oriented housing market with a liberal character	Free rental housing market with low security of tenure	Low degree of regulation of energetic renovation despite an increased need for action	Low degree of regulation on energy renovation combined with a rather low degree of security of tenure
Estonia	Ownership-oriented housing market with a liberal character	Free rental housing market with low security of tenure	Low degree of regulation of energetic renovation despite an increased need for action	Low degree of regulation on energy renovation combined with a rather low degree of security of tenure
Scotland	Ownership-oriented housing market with a liberal character	Free rental housing market with low security of tenure	Low degree of regulation of energetic renovation despite an increased need for action	Low degree of regulation on energy renovation combined with a rather low degree of security of tenure
Switzerland	Established rental sector with a corporatist character	Free rental housing market with low security of tenure	Low degree of regulation on energy renovation	Low degree of regulation on energy renovation combined with a rather low degree of security of tenure
Italy	Ownership-oriented housing market with a liberal character	ambiguous	Low degree of regulation on energy renovation	Low degree of regulation on energy renovation combined with a rather low degree of security of tenure
Finland	Stable rental sector with a market-orientation character	Free rental housing market with low security of tenure	ambiguous	ambiguous
Latvia	Ownership-oriented housing market with a liberal character	ambiguous	High degree of regulation of energy renovation	ambiguous
Poland	Ownership-oriented housing market with a liberal character	Non-profit-oriented rental housing market with high security of tenure	ambiguous	ambiguous

How can the results of this classification be characterized? The classification shows that the need for action is predominantly high where low regulation modes are found for the improvement of energy efficiency (e.g. England, Estonia, Italy, Scotland)—a finding that is also confirmed by country reports. A purely market-oriented "solution" to the implementation of energy efficiency measures does not seem to be given anywhere. In countries where liberal, market-oriented models (e.g. Estonia, Switzerland) are concerned, social conditions and income relationships are polarizing and slowing. Investment inefficiency means energy inefficiency and high energy costs for low-income households, while financially better households also have access to further financing (for example by real estate). The study also shows that in countries with a high proportion of energetically inefficient old buildings (for example, England, Scotland, Italy, Estonia), poorer households are threatened by greater energy-related cost risks. The country reporters mainly confirm that the owners of older houses are mostly uninterested in energy renovation of their buildings due to the high costs involved. At the same time, households living in these conditions have hardly any opportunities or incentives to save energy and to be environmentally conscious.

The study also provides clear indications that non-profit housing companies are the pioneers of energy-related rehabilitation—an assessment that is largely shared by the country reporters. Political requirements can obviously be implemented very quickly here, and energy savings are benefiting both national energy efficiency targets and tenants.

The comparison of the classification results with the framework from Esping-Andersen shows clear differences. Only type 2 translates into an overlap: with France, Austria and Germany, all three countries of this type are assigned by Esping-Andersen to the Corporatist-Statist type. On the other hand, the similarities are not so clear for other types of countries. At the same time, aspects of the welfare regime obviously play an important role in the issue: in countries where energy renovation is particularly politically driven by social housing (inter alia also because larger scale effects can be achieved), these holdings display an above average degree of renovation (such as in Scotland, Finland, Latvia, Poland, and Italy). On the other hand, the issue of the corresponding subsidies to private landlords seems to depend heavily on the general level of prosperity, which means that the owners are not able to make enough funds available for the preservation of housing stock, nor are energy renovations scarcely carried out despite the availability of subsidies.

Forms of a market-conforming—that is, financial stimulus through fiscal incentives—is typically found where the polarization of social conditions is characterized by the liberalization of welfare regimes and housing markets. Short-term tenancy agreements, which usually make energy renovation possible only at a change in tenant, offer the opportunity in the short term to take energy renovation measures. The practice of the countries under review shows, however, that comparatively little energy renovation is realized in these countries. However, the majority of the country reporters argue that the short-term tenancy conditions provide insufficient planning certainty for the economic implementation of energy renovation. However, the short-term nature of the tenancy terms does not seem to support energy renovation policies at all.

In summary, it is clear that differentiated rental housing markets with strong players and a high proportion of non-profit-oriented landlords are the best prerequisites for achieving an adequate implementation of energy efficiency strategies—a working hypothesis which was unanimously confirmed by the country reporters.

6 Conclusion

The starting point for this study is the socioeconomic and comparative description of the leasing markets in eleven EU Member States (twelve countries within the EU, with England and Scotland considered separately) and Switzerland. Then, a comparative analysis of the tenancy regulations relevant to the energy renovation of dwellings is developed based on this description. This is done both from a European perspective as well as from the perspective of the respective national tenancy laws. Subsequently, a classification of the countries under review into groups is carried out. This typology approach is intended to classify the tenancy law results into the overall context and to provide an indicative statement of the conditions under which energy efficiency advances are effectively achieved. In addition, the study examines which approaches the different countries have chosen to implement European guidelines (in Switzerland, within the framework of the autonomous alignment with EU law). To this end, it is first necessary to identify at European level the legal and policy areas that have a significant impact on energy efficiency in tenancy law. The central legal basis in European primary law is Article 194 TFEU, which explicitly mentions the promotion of energy efficiency and energy saving as the objectives of European energy policy.

In order to achieve these objectives, the European Commission in the field of energy renovation is primarily concerned with the continuation of existing measures and strategies in the countries in the study. These measures and strategies have developed over the past few decades against the background of different national peculiarities (building structure, climatic and legal framework conditions, etc.) and are also based on EU energy efficiency policy. At the European level, Member States are also led by a comprehensive registration and reporting system, and are required to develop their own energy efficiency action plans as well as long-term strategies for private dwellings and to report to the Commission on the implementation of these action plans and strategies on an ongoing basis.

In addition to Art. 194 TFEU, more than 45 EU directives and regulations have direct or indirect influence on tenancy. Particularly important are the Directive 2010/31/EU on the total energy efficiency of buildings of 19.05.2010 and the Directive 2012/27/EU on energy efficiency of 25.10.2012. However, most EU directives and regulations on energy efficiency have only indirect influence on national tenancy law. This can be seen, for example, in the case of Union-wide requirements for the construction and furnishing of residential buildings, which indirectly impact national tenancy rights and the rental housing stock by standardizing certain building standards for dwellings or furnishings.

When transposing Directive 2010/31/EU on energy performance in buildings and Directive 2012/27/EU on energy efficiency, none of the Member States that are under review requires private owners of buildings to undertake comprehensive energy renovation (such as legal rules to increase energy efficiency of buildings or parts of buildings within specified time limits and with fixed targets as well as concrete sanctions in case of disregard of these bids).

However, a conditional obligation to meet energy efficiency standards in the housing stock arises in the event that renovations or major changes to buildings or building parts are undertaken by the owners. Special rules for rented buildings are not applicable in any of the Member States in the study. The energy efficiency targets or energy efficiency levels to be achieved, as well as the specific situations in which a conditional renovation obligation exists for the entire building with binding efficiency targets, are very different in the Member States. This partly correlates with differences in climatic conditions and differences in building typologies, but also depends on changing political frameworks and preferences. In some countries in the study, the legislative proposals have not yet been finalized; in other countries, they have been in force for some time, and some are already under review. For this reason, it is hardly possible at the moment to make robust overall statements on modalities and differences in the implementation of Article 7 of Directive 2010/31/EU.

For the investigation of the effects of energy renovation measures on tenants and landlords, the **general residential tenancy law** is primarily at the national level. National regulations are crucial to the question whether tenancy law permits an appropriate distribution of benefits between tenants and landlords, as required by Article 19 of Directive 2012/27/EU on energy efficiency. The relevant parts of the general tenancy law here are the regulation of the rent price as well as the tenant's security of tenure, in particular with regard to termination. Furthermore, the regulation of operating costs and utility costs, as well as special provisions on energy efficiency play an important role. These include, for example, duty of the tenant to tolerate renovation measures and regulations which impose an obligation for the landlord to undertake energy renovation measures. Provisions for rent increase after energy renovation and for public subsidization of such measures are also included in the analysis.

In most of the countries examined, the **rent price** can be freely set at the time of the contract. Exceptions concerning a relevant number of tenancy agreements and not just for special cases are only available in the Netherlands, Austria, Denmark, Sweden and in the scope of application of the so-called rental rate brake in some German states. Rents in existing tenancy agreements, on the other hand, are regulated in a limited number of European countries; In addition, they must be examined in their interaction with the rules on the termination of the contract, which, if permissible, can be an obvious alternative for the landlord.

With regard to the **duration of the rental contracts**, there is a fairly balanced distribution between (a) countries where leases are only concluded for a limited period, (b) countries where the parties are free to choose between fixed-term and open-ended tenancy agreements, (c) countries where fixed-term leases are permitted only exceptionally. However, in most of the countries in the study, including Germany, open-ended tenancy agreements prevail in practice, independent of the dogmatic design. Countries with open-ended contracts do not generally permit termination of the contract with the aim to increase the rent price, with the exception of Switzerland and Finland, but there is often the possibility of dismissal due to a (energy) core renovation, at least if this is technically possible only after evacuation of the building. Fixed-term tenancy also offers theoretically in the short term the chance to take energetic measures during tenant changes. The country classification shows, however, that comparatively little energy renovation is implemented in those countries, especially in the countries with a relatively high frequency of short-term contracts (e.g. England, also Scotland). The assumption that short-term tenancy duration may not provide sufficient planning certainty for the economic implementation of energy renovation, which could complicate the implementation of a broad-based energy rehabilitation policy, has not been clearly confirmed. Rather, the country reporters mainly prefer the hypothesis that these landlords are afraid of the expense of older dwellings, especially since a correspondingly higher return on investment is usually not to be expected.

With regard to the **distribution of operating and utilities costs** between the tenant and the landlord, it is a European commonality that the costs of heating and electricity are charged to the tenant and are billed periodically. In Sweden, however, this regulation, which is now obligatory in Europe, has still not been put into practice.

With regard to the **tenant's duty to tolerate** renovations, it is important to note that most tenancy agreements allow for an energy renovation within a short period of time without high practical burdens on the landlord. In Germany, energy renovations are privileged to the extent that tenants are not entitled to rent reduction during the first three months, even in the case of significant burdens and restrictions on the quality of living. However, problems with energy renovations can arise in the Netherlands, Poland and Sweden, as the tenant's duty to tolerate renovations is severely restricted, and tenancy agreements cannot be terminated at short notice.

The right of the landlord to **rent increases after the implementation of energy renovation measures** is regulated very differently in the countries under review partly in special provisions, partly in general tenancy law. However, the possibility of transferring renovation costs to the tenant through rent increases is an essential prerequisite for an appropriate distribution of benefits in the case of energy recovery measures within the meaning of

Article 19 of Directive 2012/27/EU. This is relevant because the usual distribution of heating costs primarily benefits the tenant in the form of energy savings, while the landlord has to finance the renovation measures. In all the countries under investigation, where the rental rate is not regulated in an existing tenancy relationship and is therefore oriented to the market situation (England, Estonia, Finland, Latvia, Austria outside the scope of the MRG and Scotland), there are no separate provisions on rent increases due to renovation. However, it seems plausible in these countries that the landlord can also "take advantage" of the tenant's benefits resulting from renovation measures by means of a rent increase that can be realized on the market or by means of individual contractual terms. In contrast to this assumption, the classification shows, however, that particularly in countries with a low level of regulation, there is usually a greater need for energy renovation in the housing stock (e.g. England, Estonia, Italy, Scotland). The precise reasons for this finding—lack of monetary incentives for renovation measures and lack of amortization possibilities or lack of motivation of the landlords to realize such measures—cannot be clarified in this context.

The situations in France and Italy appear to be no less complicated, where the renting rate is regulated, but at the same time there are almost no provisions for the rent increase after energy renovations. The possibility in France of the landlord to demand half of the operating costs saved by the tenant for 15 years has hardly any effect. While in Italy tenancy contracts can be terminated after a period of normally four plus four years, according to market conditions, or can be concluded again with changed contents, rental contracts can be terminated only in a few situations in France so that rent increases do not occur regularly after energy renovations are completed. A meaningful distribution of benefits between the tenant and landlord can hardly be realized there.

In Denmark, Germany, Austria, Poland and Switzerland, however, there are specific rules for the rent increase in the context of regulated tenancy conditions after energy renovations. In these countries, the possible increase in the rent depends on the costs of the rehabilitation measures. The extent to which a lucrative return on the rental costs can be achieved for the landlord is different in the individual countries. While in Germany at least an appropriate return is possible if the market situation permits the legally permissible rent increase, this is not the case in Austria due to the high procedural hurdles for a rent increase—especially for a maximum of ten years. In Denmark, the possibility of rent increases depends on the increase in value of the rented property as a result of the renovation measures. Here, many questions of the concrete calculation are not sufficiently regulated by law, so that there is often a lack of planning certainty. In Poland, a restriction comparable to that found in Germany applies with limitations. At present, these two countries provide the least favourable conditions for the landlord in terms of energy renovation, at least in those cases where a legally permissible rent increase can also be achieved in the market.

The Netherlands is taking a different approach. In the scope of the regulated rent, which is relevant for approximately 90% of tenancies, the maximum rent depends on a detailed and complex point system. The energy efficiency of a rental property is included in this point system and can allow an increase in the maximum rent of over EUR 200,— per month. The possibility of rent increases depends solely on the effects—and not on the costs—of energy renovation measures. However, this regulation, which is noteworthy in the European context, has only recently been adopted and its market effects have not yet been sufficiently investigated.

Finally, Sweden is another exception. In this case, rental increases at the local or regional level must be negotiated collectively between landlords and tenants. In practice, this has shown that there is usually no great willingness of the tenant associations to approve increases in rent to an extent which would allow for the amortization of comprehensive energy renovation measures.

If the incentives for the implementation of politically motivated energy renovation measures are not sufficient, the Member States will be able to cover only part of the costs themselves by means of subsidies, in attempting to achieve energy efficiency targets. The comparison of countries shows that stimulus by such financial incentives is

typically found where housing is predominantly covered by market-oriented providers. However, public subsidies are dispensable in countries where the public sector—in whatever form it takes—is the owner of the housing. After all, they must bear, by investment returns or revenue shortfalls, the renovation costs that not covered by rental income.

Financial incentives are therefore always relevant when housing is subject to conditions which make an economic (i.e. rented-to-refinance) energy investment difficult or impossible—especially if the housing is mainly used for rent in poorer population groups, which offers little financial flexibility and therefore little demand for more expensive, energy renovated dwellings. In the subsidization of energy renovation measures, most of the countries in the study use a combination of loans and grants as well as tax incentives for turnover, income and/or corporation tax. In contrast to the costs of the parties, subsidies are the primary financing instrument for energy recovery in most Member States.

If one looks at the research results on the question of where favourable conditions for a successful energy implementation strategy are to be found among the countries under review, the typology clearly shows that such favourable conditions are found in those countries with the best prerequisites for differentiated rental housing markets, with strong stakeholder structures and interest representation, a high proportion of non-profit landlords, and specific and effective legal regulations on the allocation of the costs of energy renovation.

7 Bibliography

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