

Commissioner Kadri Simson
DG Energy - European Commission
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Brussels

Build Europe
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1000 Bruxelles

Subject: The EU's duty to develop a balanced and non-detrimental EPBD for its citizens

Brussels, 12 April 2023

Dear Commissioner Simson,

Build Europe, the association representing national federations of European developers and homebuilders in the EU, accounting for more than 60% of the EU's homebuilding capacity and 17 states, would like to get in touch with the European Commission and your team in regard to the Proposal for a revision of the Directive on the Energy Performance of Buildings (EPBD). Following the adoption of the European Parliament of its negotiating position on the revision of the EPBD, Build Europe members would like to inform the work of the European Commission before it enters into negotiations with the Parliament and the Council to agree the final shape of the Directive. We believe it is our duty, as developers and homebuilders, to express that if the final bill reflects the text of the Directive approved at the European Parliament, the upcoming EPBD risks making housing even more unaffordable for EU citizens.

The topic of housing affordability must be addressed when setting the environmental objectives of the Directive

After a careful analysis, Build Europe believes that the EPBD will not reach its objectives unless it creates the conditions for the production of housing that is both environmentally efficient and affordable. New built is the "greenest" option in the market and, under the new Directive, renovated buildings would not even meet the criteria imposed by the current regulation on new, Nearly-Zero Energy Buildings. We support the EU's ambition to move from Nearly-Zero Energy Buildings to Zero-Emission Buildings and we are willing to cooperate, but we find it difficult to understand why financial support is directed exclusively to the renovation of existing buildings, which will in any case be less efficient – with a D or E class energy label as of 2033 – than the new buildings currently being built. We do not understand why future owners of new homes should bear the cost of environmental performance that benefits the community without assistance. It is therefore essential, if only for the sake of fairness, that the new regulations for new housing be accompanied by aid for its acquisition. This aid will not only benefit buyers but also tenants, and in two ways: energy savings of course but also lower rents due to the aid given to the investor. The Energy Performance of Buildings Directive will not succeed if it does not facilitate access for EU citizens to Nearly-Zero Energy and Zero-Emission Buildings.

Build Europe's main proposals for a pragmatic revision of the EPBD

Firstly, Build Europe and its members would like to call on the European Commission to mediate with the European Parliament and Council for the development of a proposal that would allow Zero-Emission

Buildings to cover some of the net annual primary energy use by utilising electricity from the grid. With this option, the Zero-Emission Buildings will be Zero-Emission ready with the transformation of the grid power supply into renewables. This measure is crucial, especially if the energy use for charging of electric vehicles will be included in the measured annual energy use of buildings. The text should be absolutely clear in allowing the possibility of powering buildings from the grid on a net annual or seasonal basis.

Secondly, Build Europe believes that it is unnecessary and damaging to the EU's affordable housing and environmental ambitions to set an early deadline for more stringent regulation on new buildings, which are already distinguished by their high energy efficiency and low emissions. In order to give the whole sector time to find solutions to assimilate and optimise the new standards and thus produce at the best cost, new regulations on new built should be implemented at least as of January 2033. Our additional proposals are included in Annex I.

Final remarks

Build Europe would like to express its deep concern regarding the text approved by the European Parliament on a more general level. The outcome of the Plenary vote has highlighted the divisive nature of this Directive, which has also faced criticism from significant Member States' governments. We believe that such divisiveness poses a substantial risk to the unity and cohesion of the European Union, potentially alienating citizens from the EU and its institutions. As developers and homebuilders, we believe that Member States have the crucial duty to prioritise the needs and expectations of EU households, ensuring their voices are not only heard but also respected in the decision-making process. The EU must strive for policies that strengthen the bonds between citizens and institutions, fostering trust and a sense of belonging within our union, and not creating obstacles for families and first-time buyers who aspire to access decent affordable housing in a time of crisis, with high levels of inflation, increasing energy costs, and high interest rates.

In light of these concerns, as we approach the Trilogue stage, we urge the Commission to give the utmost importance when mediating between the Council and the Parliament to the interests of EU citizens and the valuable insights provided by housing professionals. In doing so, the EU could ensure that the final text of the EPBD truly benefits our citizens, while also achieving important environmental objectives.

We remain at your disposal to discuss the matter further. We thank you for your attention to this letter and look forward to your response. Please accept, Commissioner, the expression of our highest consideration,



Marc Pigeon
President, Build Europe



Filiep Loosveldt
Managing Director, Build Europe

ANNEX I –

Build Europe’s proposal for an Energy Performance of Building Directive that is not detrimental to housing affordability

1. Preamble

Build Europe would like to contribute to the development of the Energy Performance of Buildings Directive by providing the EU institutions with additional proposals that could guarantee the creation of a text which will not worsen the current housing affordability crisis, which every year excludes an increasing number of European citizens, young people and families from access to decent affordable housing across the EU.

2. Introduction of housing affordability checks

According to Build Europe, the Directive should need to highlight that Member States must put in place strong measures against energy poverty, which will threaten a large segment of European households and families if stricter requirements will be imposed on both existing and new built.

The Directive should introduce or facilitate affordability checks to guarantee housing affordability across the EU at a time when overall prices (including housing prices) are soaring. Build Europe believes that Member States shall also report on and monitor the possible social impacts of new requirements on parameters developed by the Commission itself, such as:

- Household income, composition and living conditions, including access to decent housing, and to services referred to in Regulation (EU) 2019/1700 and its annexes;
- the indicators of the macro-economic imbalance procedure scoreboard, especially in relation to housing, as referred to in Regulation (EU) 1176/2011.

3. Roadmap on total cumulative life-cycle GWP

Build Europe believes that it is too premature setting 2030 as the deadline for member states to publish a roadmap detailing the introduction of limit values on the total cumulative life-cycle GWP of all new buildings and set targets for new buildings.

Our advice is to move the deadline to at least 2033, so as to give Member States sufficient time.

4. Infrastructure for sustainable mobility and solar energy in buildings: make sure to put housing affordability in first place

Build Europe perfectly understand the objective, highlighted in the texts of the Directive, of pre-cabling all new residential parking spaces and ensuring the installation of a sufficient number of recharging points in new residential buildings, to meet the needs coming from the car industry, which is becoming increasingly more electrical. However, it is important to take into consideration that the installation of charging stations in private parking may dramatically increase costs, and make new housing less affordable. For this reason, Build Europe believes that the text should not oblige Member States to set up recharging points in all new residential areas, nor on all parking spaces, unless specific financial aid for this type of operations is unblock at the EU level.

Similarly, we appreciate that also the European Parliament, in its negotiating position, recognises that solar energy installations must be mandatory on all new residential buildings when technically suitable, and economically and functionally feasible. However, considering that solar energy installations are costly and in order to provide Member State with enough tools to ensure new affordable housing at the national level, Build Europe believe that the Directive needs to make sure that these obligations are accompanied by strong financial aid and public investments, designed to make sure that these additional regulations will not negative impact on the final price of the new Zero-Emission Buildings. Stricter technical restrictions bring additional costs to new housing, and therefore this Directive can bring to environmental benefits only if these new buildings can be accessed by a large share of EU citizens.

5. Technical building systems

The negotiating position approved at the European Parliament proposes to include the charging of electric vehicles in the definition of technical building system, and also to explicitly include energy use for technical building system in the energy performance of the building. Again, Build Europe would like to point out that these measures would significantly impact the calculated (or metered) amount of energy needed to meet the energy demand, and the maximum thresholds values for Zero-Emission Buildings provided in Annex III therefore need to be adjusted accordingly (or eliminated). Also in this case, it is important to provide developers with financial aid or economic measures to make sure that new housing will not become more unaffordable following the implementation of the Directive.

6. Permit granting

Build Europe would like also to suggest to the European Commission the introduction in the Directive of (even temporary) rules to accelerate the permit-granting process for both Nearly-Zero Energy Buildings and Zero-Emission Buildings, as already done in December 2022 by the Council with the

publication of its regulation concerning “laying down a framework to accelerate the deployment of renewable energy”. Member States should be encouraged to ensure that the permit-granting process for the construction of the Nearly-Zero Energy Buildings and Zero-Emission Buildings does not exceed a three months period.

7. A level playing field for housing operators in all Member States is the basis to ensure affordable housing

Build Europe would like to add that European developers and homebuilders, who are struggling to guarantee affordable housing solutions in the private market to EU citizens, find unfair and unjustified that, in the proposal on the EPBD revision approved by the European Parliament, it is stated (article 9, 1b) that Member States may exempt publicly owned social housing from the obligation of renovate when these operations are not cost neutral and would lead to rent increases. We are confident that the Commission will agree with us that it would be unfair for public social housing providers to be exempted from any sacrifices that are imposed on developers, homebuilders, homeowners, and first-time buyers operating in the private sector.

Finally, we would like to remind the Commission, in view of the negotiations, that it is important that the directive does not overstep other public policy spheres and does not bypass state aid rules in relation to services of general economic interest, especially in relation to the issue of determining the groups that can benefit from social housing. Consequently, we would like to kindly ask the Commission to be vigilant that the final text of the Directive does not contain improper indications that - directly or indirectly - extend the target group eligible for social housing in the EU (namely, vulnerable people).

8. Avoid the introduction of rent caps measures

Build Europe would like to express its concern that the Directive could introduce rental price breaks and rent caps measures, especially in the private market, as one of the most significant consequences of rent caps is a decrease in housing supply and an increase in demand, resulting in housing shortages.