



Actions to Mitigate Energy Poverty
in the Private Rented Sector



Lunch Talk: Tackling Split Incentives: A European Outlook



Florin Vondung
Wuppertal Institut

Presentation of German case

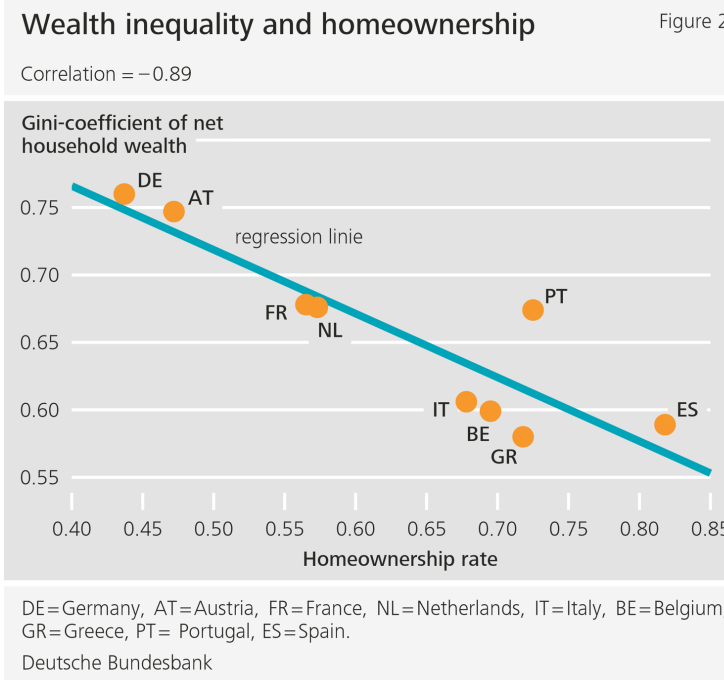
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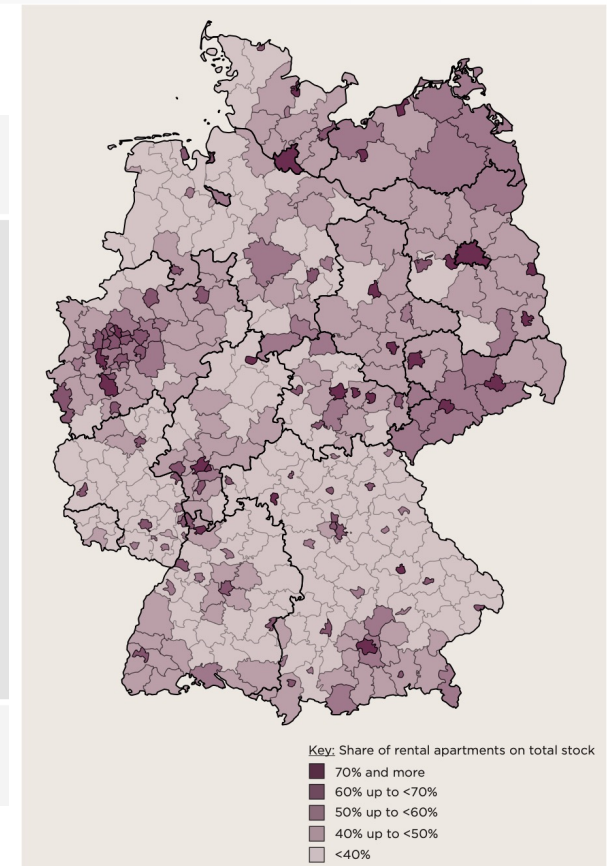
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SPLIT INCENTIVES IN GERMANY – CHARACTERISTICS OF THE RESIDENTIAL HOUSING SECTOR

- 50% of households are tenants (destatis 2021)
- 21.2 million rented dwellings of which around 2/3 are owned by private small scale landlords (Savills 2019)
- Average age of private small-scale landlords is 59 years (IW 2019)
- Average rent to income ratio: 27,2 % (destatis 2021)
- Housing costs as a percentage of disposable income 29,7 % (58,5% for at-poverty-risk population) (destatis 2021)
- 9 % of households are energy poor (Eurostat 2020)
- 68% of energy poor households are tenants (own calculation for 2019)



Source: German Federal Bank 2020



Source: Savills Research 2019



Regulatory measures:

- Cap on general rent increases („Mietpreisbremse“) for re-let existing dwellings in tense housing markets at 110% of the local reference rent
- Cap on rent increases following energy refurbishments at 8 % / a of investment costs and limited to 3 € / m² for the following 6 years (2 € / m² in dwellings with less than 7 € / m²)
- Distribution of additional costs of CO₂-pricing among landlords and tenants tiered according to the climate friendliness of the building (kg CO₂ / m² / a) from 2023 on (adopted)
- Mandatory insulation of attics and pipes / replacement of old boilers (> 30 years)

Financial support/incentives:

- Housing support for low-income households („Wohngeld“)
- State coverage of heating costs of welfare recipients
- Redistribution of CO₂-pricing revenues per head up to a specified household income („Klimageld“) from 2023 on (planned)
- Tiered subsidies or soft loans for energy refurbishments OR tax deductibility (20% of investment costs)





Potential elements of a policy package

- Introduction of mandatory energy certificates based on building energy requirement
- Introduction of gradually tightening MEPS for existing buildings as a precondition for renting
- One-stop-shops for energy refurbishment
- Switch from the currently prevailing cold-rent model to a partial warm rent
- Increase capacity of competent authorities for compliance monitoring



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Florin Vondung
florin.vondung@wupperinst.org

Twitter: @ENPORProject

LinkedIn: ENPORProject

Website: www.enpor.eu

THANK YOU

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