

Homeowners invest in Energy Renovation
Results of questionnaire among Stronghouse regions
 2020 10 30

On September 4th 2020 Dutch Stronghouse partners Province of Drenthe and Municipality of Noordenveld shared the conclusions of a recent paper by the Netherlands Environmental Assessment Agency. This independent government advisor had calculated that for most households energy renovation is not cost-neutral. Cost neutrality was defined as that the costs of investment plus the costs of financing those investments are lower or equal to the energy costs when doing nothing. Drenthe and Noordenveld shared their thoughts, observations and concerns with other Stronghouse partners. With a questionnaire they asked about the experiences in other regions. Below we present the results of this questionnaire.

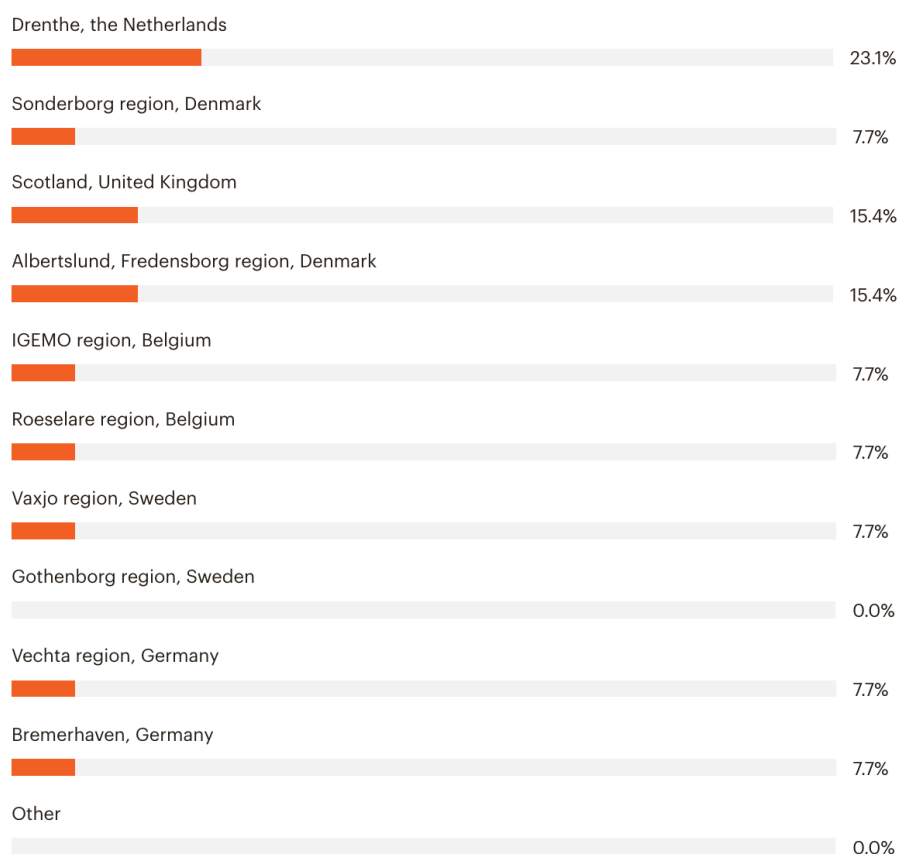


Figure 1 Providence of the different answers to our questionnaire

Affordability of energy renovation



Of course, the financial impact of energy renovation is a major issue for homeowners. Only the Albertslund Region, Denmark sees that energy renovation is affordable for most homeowners without subsidies, grants, low-interest loans. It will be interesting to learn how the Municipality of Albertslund realizes this. However a second reply from Albertslund states that also here energy renovation is only affordable with subsidies, grants and low-interest loans. Which is also the case in Drenthe, Scotland, Vaxjo, IGEMO and Sonderborg. In Bremerhaven, Roeselare and Vechta energy renovation is deemed affordable only for homeowners with substantial savings or a high income.

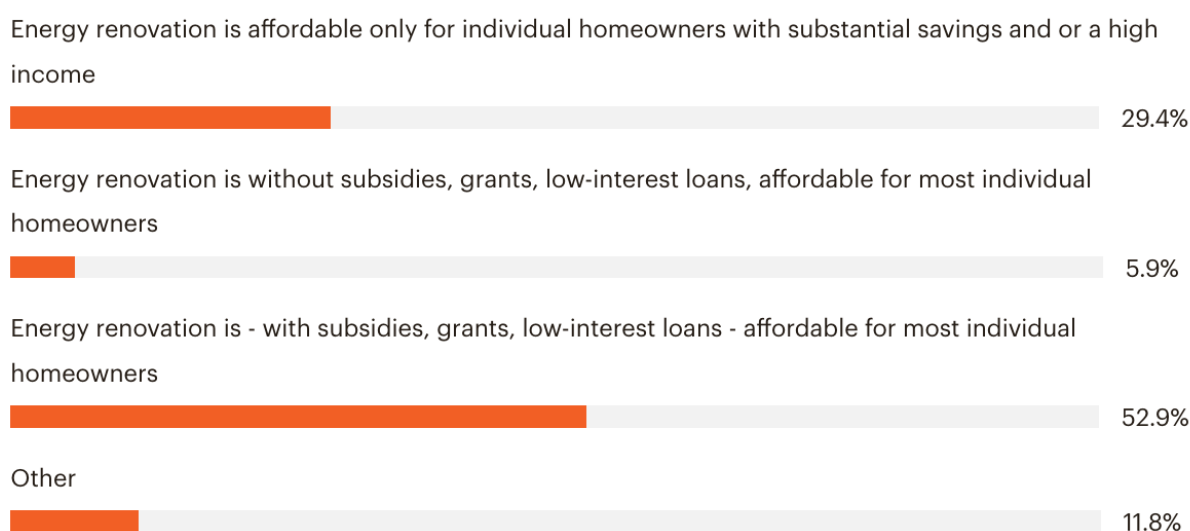
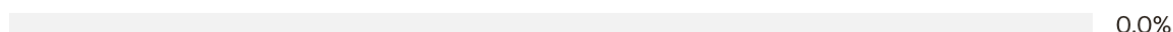


Figure 2 How does your region (or country) view the financial impact of energy renovation on the costs of living for different individual homeowners?

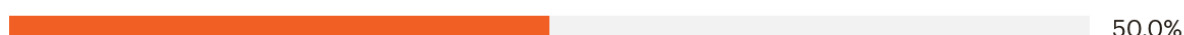
Policy consistency?

National, regional and local policies and support measures can help to make energy renovation affordable for individual homeowners. However, many homeowners are concerned about the consistency of these policies. Stronghouse partners understand these concerns and see that many policies are not yet consistent enough. This is one of the reasons that Stronghouse wishes to adjust and improve support measures instead of a complete overhaul.

The consistency of policy measures is important to individual homeowners and the individual homeowners find that policy measures are consistent



The consistency of policy measures is important to individual homeowners, however the individual homeowners find that policy measures are not consistent (enough)



The consistency of policy measures is not important to individual homeowners



Other

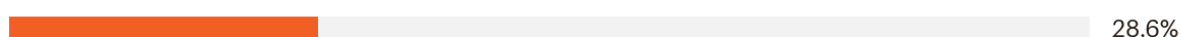


Figure 3 How do homeowners in your region (or country) view the consistency of policy measures?

The importance of netting

One instrument used in the Netherlands to make energy renovation more affordable is the ‘Salderingsregeling’. ‘Salderingsregeling’ is probably best translated by ‘Netting regulation’: this enables the homeowner to sell his surplus of (renewable) energy produced by his PV panels during the summer for the same price of approximately 22 cents per kWh as the extra electricity he buys during the winter. Also, Roeselare and Bremerhaven have a netting regulation. Scotland, Albertslund, Vechta have different regulations with similar effects for the individual homeowner as the Dutch netting regulation. IGEMO and Sonderborg do not have similar netting regulations.

Interest rates

For the affordability of energy renovation - and the financial investment needed - the interest rate for loans is relevant. In all Stronghouse regions these interest rates are equal or lower to other interest rates for individual homeowners.

| | | |
|--------------------------|-------------|------------------------------------|
| Drenthe | 0,7% - 1,1% | |
| Sonderborg | 0,0% -5,0% | |
| Albertslund, Fredensborg | 2,0% - 3,0% | For homeowners with equity |
| IGEMO | 0% | For a priority group of homeowners |
| Roeselare | 1,29% | |
| Bremerhaven | 0,75% | |
| Scotland | 0,0% -4,9% | 0% for loans up to 10.000 pound |

Green Finance

In Green Finance the interest rates are slightly lower because they also reflect the environment return on investment, such as lower CO2 emissions. For most Stronghouse

partners Green Finance would be interesting and relevant to individual homeowners if the interest rate is similar or better. However also a clear assessment of the potential reduction of CO2 emissions is seen as important to the effect of green finance.

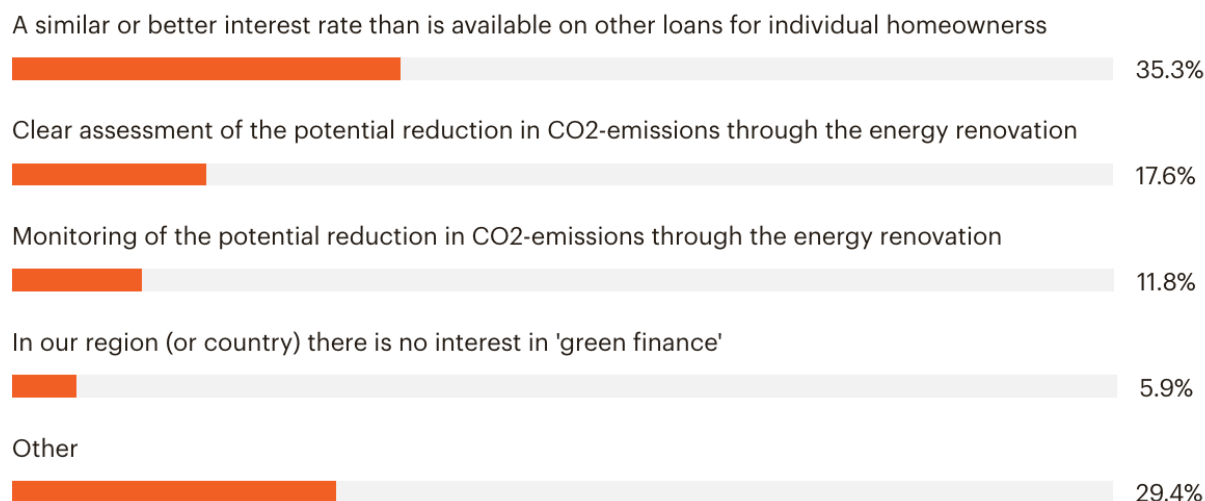


Figure 4 Under what conditions is or would 'green finance' be possible for energy renovation?

Building-related loans

In Dutch policy discussions many stakeholders expect much from so-called 'Gebouwevonden Financiering'. Here the loan or mortgage is not based on the homeowner but based on his house. When the house is sold, the loan stays with the house and thus needs to be paid by the new owner. Because the certainties for the bank are limited, compared to normal mortgages, the agency expects a higher interest rate: 3,5% compared to the average of 2% for normal mortgages in the Netherlands.

In Albertslund and Fredensborg, Roeselare and Bremerhaven such building-related loans are already available. They are discussed in Scotland and Vechta. For the Dutch, Scottish and Vechta situation it will be interesting to learn from Albertslund, Fredensborg, Roeselare and Bremerhaven.

Best first steps to lower the costs of energy renovation

Based on their current experiences Stronghouse partners see the redesign of financial instruments, of energy advice to homeowners and neighbourhood solutions as the most urgent, first steps to lower the costs of energy renovation. Stronghouse works on all three of these priorities.

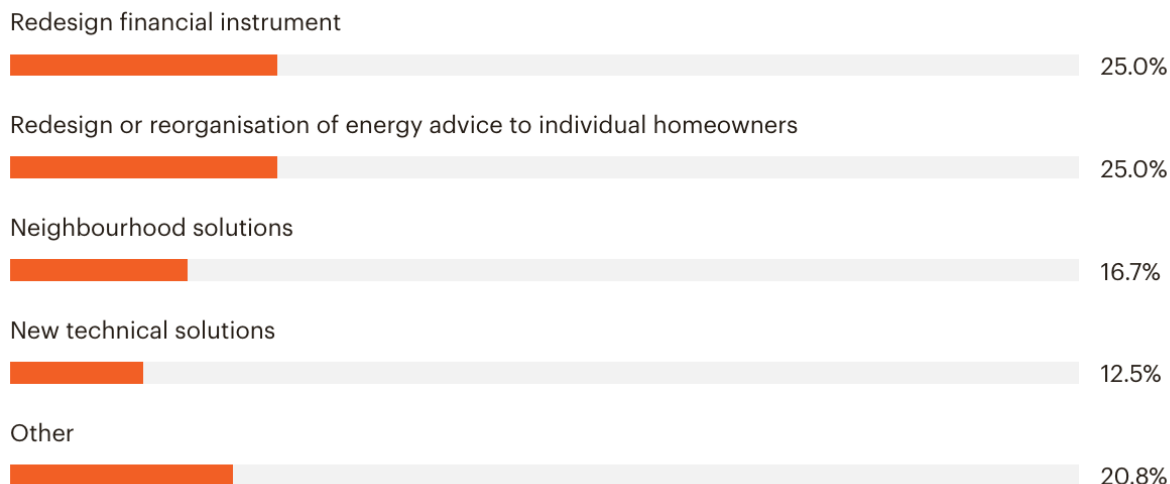


Figure 5 What do you consider the best first steps to lower the costs of energy renovation?

Value for homes

Of course, there are many good reasons to invest in energy renovation. When looking from a purely cost effectiveness perspective, the contribution of energy renovation to the value of a property is especially relevant. Here most Stronghouse partners see that increased energy efficiency has a positive effect on the value of a property.

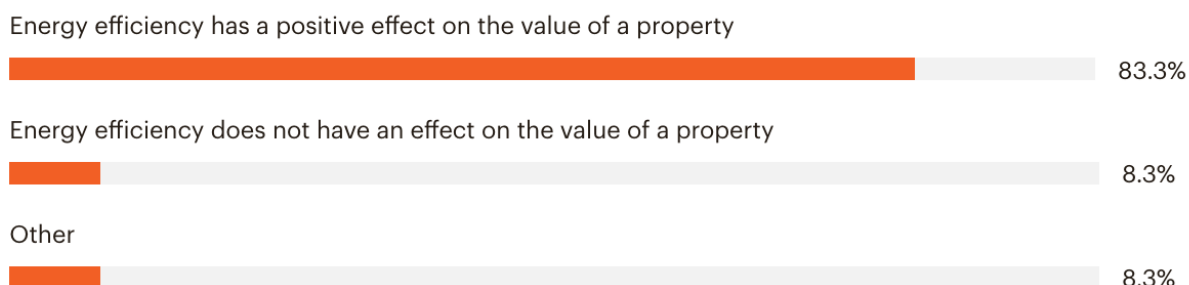


Figure 6 How does the housing market value energy efficiency in your region (or country)?

Leasehold for energy renovation or energy service

In the Dutch debate the National Environmental Assessment Agency noted two interesting alternatives. First, financing through voluntary leasehold: here the homeowner sells the ground under his house to the municipality, uses the money for energy renovation, and through yearly retribution buys back the ground under his house. When he sells the house, the leasehold will move to the new owner. A second alternative is energy renovation through an external company how realizes the energy renovation and upkeep of the installations. When the homeowner sells his house, this contract would stay with the house,

after which the new homeowner pays for the investment and upkeep of the energy and insulation installations.



Figure 7 Does your region (or country) already work with voluntary leaseholds for energy renovation?

Albertslund and Fredensborg already work with voluntary leaseholds for energy renovation, while Drenthe is experimenting with it.

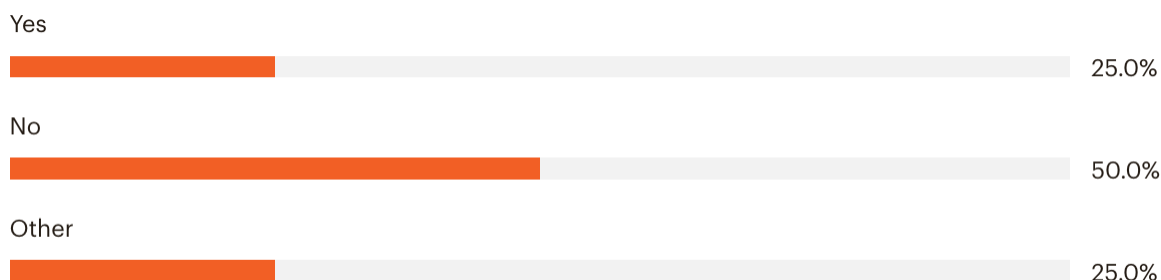


Figure 8 Does your region (or country) already work with the energy service company concept for energy renovation?

Scotland, Albertslund and Fredensborg, Roeselare and Bremerhaven already work with the energy service company concept for energy renovation. It will be interesting to see if their experience can be translated to other regions.

Questions for partners:

- Scotland, Albertslund and Fredensborg, Roeselare and Bremerhaven can you describe how you work with energy service companies to enable individual homeowners to energy renovate?
- Albertslund and Fredensborg, Roeselare and Bremerhaven can you describe how you work with building-related loans?