



EDITORIAL

Energy transition is underway. It is needed in order to face the change in environmental conditions and is resulting in intense development in building methods, which affects all stakeholders in the building sector. Renovating buildings to save energy is one of the major issues. Today in Geneva, all the conditions have been met so that this has become not only a moral duty, but also an attractive and profitable undertaking for owners.

All players in the real estate value chain are involved in the challenge to make energy savings. Trades are trying out new techniques and are agreeing on new ways of doing things. Architects and engineers are developing innovations with regard to legal requirements, calculation tools, building concepts and operational control. Real estate managers and promoters are taking stock of experience, testing pilot projects and adapting financial engineering, in order to integrate the various forms of state assistance available. And now, clearly encouraged by Geneva legislation, owners are accepting responsibility by adapting and producing a sustainable housing stock, which is as comfortable for its users as it is economical for the planet's resources.

Our department has been involved since the beginning in programmes to protect the environment and is now reaping the rewards of its pioneering commitments. Our constant monitoring of innovation, our close contacts with the public authorities, our pilot projects, our assessment tools, our honed procedures and our network of partners give us a definite edge in the field of energy savings. Today, more than ever, we pride ourselves both on being of service to owners and on looking after our planet!

Thierry Barbier-Mueller
Chief Executive Officer of the SPG Group

Renovating to save energy: nine good reasons to take action!

Under the impetus of federal and cantonal policies for energy transition, Geneva has thoroughly revised the framework conditions for renovations. Laws that were formerly a deterrent have been changed. State aid incentives have been implemented. And significant tax benefits have been granted to owners so that energy renovations are not only morally desirable, but also financially attractive undertakings. SPG ASSET DEVELOPMENT – ENVIRONMENT, in cooperation with the Federal Office for Energy, has summarised nine good reasons for property owners in Geneva to renovate to save energy.

1 Tax deduction of energy investments

The Dumont practice, which, since 1973, has prohibited tax deduction of renovation costs within five years following the acquisition of a building, had acted as a significant deterrent to purchasing and renovating existing buildings. It has now been abolished. Its repeal in 2010 at federal level came into force in the canton of Geneva in 2012. Now the buyer of a used building can undertake renovation work immediately and deduct the costs of restoration (work to preserve real estate, without capital gain) from income tax. Moreover, investment in energy savings (boilers, solar collectors, insulated windows, heat pumps, etc.) is also fully deductible – therefore tax deduction is no longer limited solely to maintaining buildings, but extends to improvements that increase their total value; and the amounts are immediately 100 % deductible (previously 50 % for the first five years).

2 Tax benefit for high energy performance renovations

Since August 2010 (Energy Act), Geneva has granted a significant tax benefit to buildings that meet the standards of high and very high energy performance (HPE), in particular the Minergie® and Minergie-P® labels, which are recognised and increasingly commonly applied quality standards. Owners who complete renovations in compliance with these standards are exempt from supplementary property tax for a period of twenty years. Since this tax corresponds to 0.1 % per year of the value of a residential building – or 0.2 % for an office building – the substantial savings over twenty years are certainly worthwhile.

3 Energy investments passed on to rents

The regulation of rent by the Canton of Geneva on existing buildings has long been a deterrent to renovations. Property owners subject to the LDTR (Act on demolitions, alterations and renovations of residential houses) were even less encouraged to invest in energy savings when the reduction in charges often only benefited tenants – especially when the rent already reached the LDTR ceiling. In August 2010, this anomaly was corrected by a coordinated change in the Energy Act and the LDTR. Now the costs of energy improvements can be passed on to rents through increases corresponding to the energy savings

made ("expected reduction in charges"), plus 10 Swiss francs per room and per month if the increase is not enough to recoup the cost of the improvement work. An even more noteworthy decision is that these provisions apply even if the rent before the work was already higher than the LDTR ceiling. The financial consequences of a renovation can be predicted reliably on the basis of specific guidelines (www.ge.ch/energie, Guidelines and Forms section).

4 Geneva programme: Economic Energy Bonus

For some particularly onerous renovations of buildings subject to the LDTR, the costs of energy improvements can sometimes exceed the amounts that can be recouped by the rent increases allowed. To cover these additional costs, the Canton of Geneva has provided further assistance, known as the Economic Energy Bonus, which is funded by a maximum amount of 10 million Swiss francs a year, voted annually by the Grand Council. This aid is only granted once all other possibilities of federal and cantonal subsidies have been taken advantage of. It can be applied for at the same time as an application for a building permit. The amount is calculated case by case to allow all the energy improvement costs to be recouped, on the basis of clear and stable guidelines (cost of energy measures, expected reduction in charges, authorised rent increases, additional costs, rates of return, etc.).

5 Buildings programme: subsidies for heat insulation

Since June 2009, a national programme has subsidised the heat insulation of existing buildings (improvement of facades, windows, roofs and basement floors). The Buildings Programme is scheduled to span ten years and is funded by a third of the proceeds from the CO2 tax. In Geneva, it is supplemented by a cantonal bonus, making subsidies even more attractive. The amounts are calculated based on total floor area and volume. A "subsidy calculator" is available on the Internet (www.leprogrammebatiments.ch).

6 Other cantonal financial aid

Besides the two bonuses above, the Canton of Geneva offers financial assistance for measures to improve the energy efficiency of buildings: solar heating and wood energy facilities, geothermal, heat recovery ventilation, the creation or extension of thermal networks, recycling waste heat, thermal and hydraulic balancing, energy audits and performance contracts.

These financial assistance measures available to owners are grouped together on the web-based platform "ChèqueBâtimentEnergie" accessible at www.ge.ch/cbe. Free information can be obtained on the freephone number 0800 777 100.

7 Geneva programme: Economic Renovation Bonus

In addition to energy savings assistance, Geneva financially supports renovations of buildings subject to the LDTR through the Economic Renovation Bonus. This subsidy cannot exceed 15% of the cost of renovation work giving an entitlement to remuneration of the capital invested. The amount is set before the work and paid once it is completed.

8 Legal obligations

In a context where fossil energy promises to be increasingly scarce and expensive, we need to reduce the country's energy bill, (nearly half of which is spent on hot water and heating buildings) and reduce CO2 emissions. The Canton of Geneva has legislated to address these issues. On the one hand, the Regulations on constructions (L 5 05.01, Art. 56A) stipulate that windows with single glazing must be replaced by windows meeting current requirements, no later than 1st February 2016 (it is not certain whether funding can still be obtained beyond this date). On the other hand, the Cantonal Energy Act stipulates that each property owner must draw up a heat expenditure index (IDC) expressing energy consumption for the production of hot water and heating, in relation to square metres of heated floor. This obligation initially applies to 21,000 buildings, then from 2014, villas and other small residential buildings (owners will be notified in due course by a personal letter). Once the IDC of a building is known, duly drawn up in principle by a qualified professional, the owner may be subject to certain obligations: if the building is very energy intensive, he must perform an energy audit at his expense (above 800 MJ/m²), or undertake energy-related renovation work (above 900 MJ/m²) within certain time limits. The website www.ge.ch/energie/IDC provides detailed and comprehensive information on these legal obligations.

9 Renovating in anticipation is always more economical

Finally, all analyses of building savings prove that it is much more economical to renovate a building often, when it can be given a new lease of life at a lower cost, than waiting for a series of deteriorations in an increasing number of construction components, the repair of which will demand increasingly expensive work, until it reaches the price of a demolition and reconstruction. Since the first approaches of the 80s (MER method), knowledge of these processes has continued to improve. Today high performance decision-making and action tools are available. Therefore, sophisticated software can be used to make a diagnosis of a building while incorporating energy issues, to identify repair costs and potential for improvement and to project return on investment – all reliably and at a very affordable cost. ■

printed on paper  FOREST STEWARDSHIP COUNCIL



SOCIÉTÉ PRIVÉE DE GÉRANCE S.A. (SPG) has chosen the path of environmental protection, energy efficiency and sustainable development. Mindful of the responsibilities of the real estate sector, it applies the most advanced methods to reduce its ecological footprint, that of its real estate under management and that of the projects it manages.

The SPG ASSET DEVELOPMENT – ENVIRONMENT specialised department has the powerful logistics support of the SPG Group. It thus commands at the highest level the full scope of general skills of a large real estate agency, ranging from administrative procedures and financial consultancy to portfolio management and quality control. It also provides specific expertise in energy saving and environmental protection.