

Real estate environmental issues in France: an overview

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The “Grenelle de l’Environnement” was first an Environment Round Table that brought together representatives of national and local government, organizations and business sectors, to address environmental issues.

The round table led to the Grenelle I Act, which defines the environmental targets, and the “Grenelle II” bill adopted at first reading by the French Senate, which provides the legal, economic and regulatory means to achieve the environmental goals and sets a timeline for tackling sustainable development issues.

The French real estate legislation promotes the generalization of low energy consumption standards, especially for new buildings, and provides incentives for the renovation of existing buildings and heating systems.

Below is an overview of the main commitments made more specifically regarding energy issues, and that are likely to impact real estate transactions.

These commitments and the resulting consequences have to be taken into consideration and anticipated when investing in real estate in France.

Grenelle Environment round table

The main commitments affecting the real estate sector are:

1°) Improving the energy performance of buildings in order to reduce the energy consumption of all **existing buildings** by 38% before 2020 and that of **new buildings**.

From 2012, applications for planning permission will have to include an energy balance report showing that the building has an energy consumption below 50KWh/m²/year on average.

By the end of 2020, all new buildings will have to have a **primary energy consumption below the amount of renewable energy produced**.

2°) Confirming the town planning code as the tool for land-use planning and sustainable development, by simplifying planning tools.

Outside protected areas, a mayor could not deny planning permission on the grounds that the building uses renewable energy sources or materials (e.g photovoltaic cells).

The town council could authorize a planning density exceeding that set forth in zoning regulations by up to 30%, if the relevant buildings have a particularly high energy performance.

A new label:

“High energy performance renovation”

This new label will be awarded to certain existing buildings renovated in such a way as to improve their energy performance.

It supplements article R.131-28 of the French building and housing Code, which provides that energy performance is assessed based on:

- the constituents of the building envelope;
- heating systems;
- hot bathing water production systems;
- cooling systems;
- facilities producing energy from renewables;
- ventilation systems;

premises lighting systems.