




# RENOVATING RUN-DOWN CO-OWNED PROPERTIES BY MEANS OF THE **ENERGY PERFORMANCE CONTRACT**

**Such as in the case of  
Val Fourré - Mantes-la-Jolie (78)**



# SUMMARY

The history of the Val Fourré.....	<b>04</b>
Contingency plans in private housing.....	<b>08</b>
The EPC, an innovative tool for the upgrading and energy renovation of rundown co-owned properties .....	<b>10</b>
The different stages of implementation.....	<b>12</b>



**A**s you read this guide, you will discover why the Energy Performance Contract (EPC) (Contrat de Performance Énergétique, CPE) is an innovative tool and the best, sustainable solution for implementing thermal rehabilitation in co-owned properties. The CPE not only leads to energy savings; it also increases the value of an asset that has been allowed to run down and improves the comfort and living conditions of its inhabitants.

This is an ambitious plan which forms part of the commitment already made by those involved in urban revitalization designed to reclaim the private estate of Val Fourré. The goal is to narrow the growing divide between social housing zones which have benefitted from public funds and private housing stock that is still very run-down.

**EPAMSA** is a partner of the CAN project: Climate Active Neighborhoods, in the INTERREG Europe North West program. The aim is to promote the most efficient models of energy performance on an international scale, based on experiments carried out on the territory of 10 European partners (England, the Netherlands, Germany, France and Belgium), including the EPC in the degraded condominiums of the Val Fourré in Mantes-la-Jolie.

# THE HISTORY OF THE **VAL FOURRÉ**

**Built in the 1960s to house the workers employed in car assembly plants, the district of the Val Fourré in Mantes-la-Jolie (78) consists of a very large social housing and private housing estate (7,000 and 1,000 homes respectively).**



Like many districts with mainly social housing estates situated on the outskirts of the urban hubs, the Val Fourré gradually declined due mainly to the economic crisis and that affecting the automotive industry, beginning in the 1970s. This situation reached crisis point in the '90s when the Val Fourré had to deal with serious urban, economic and social problems, exacerbated by the departure of the middle classes and the impoverishment of its population. The district suffered from urban violence, unemployment, a concentration of disadvantaged populations and run-down housing stock. The image of the Val Fourré was tarnished, reflecting a strong sense of insecurity following the urban riots of 1995, it was confined to the sidelines, and seriously impacted the development of the area and its attractiveness.

## ADDITIONAL INFO



Covering roughly 135 ha – with 27,000 inhabitants – **this district at one time accounted for as much as 50% of Mantes-la-Jolie's population** the heart of the Mantaise conurbation.

## ADDITIONAL INFO



**Today half of the districts in the Val Fourré** (Painters, Doctors, Explorers, Garennes, Writers and Inventors) **have benefitted from an overall rehabilitation programme** as a result of the scale of the financing received (over €11.4 million) from the Agence Nationale de Rénovation Urbaine (ANRU), the State, Mantes-la-Jolie and Mantes-la-Ville, the Urban community of Mantes-en-Yvelines, the Departmental Council of the Yvelines, the Ile-de-France region, social landlords, Europe, the Caisse des Dépôts et Consignations (Deposits and Consignments Fund)...



To remedy these serious issues, an unprecedented public investment program has been put in place since the 1990s. With the support of the government, the Department of the Yvelines, the Ile-de-France Region, and the Urban community, the municipality of Mantes-la-Jolie has implemented all available public measures to combat urban and social inequality - Major Urban Project (Grand Projet Urbain), Major City Project (Grand Projet de Ville), Town Contract (Contrat de Ville), Urban Contract for Social Cohesion (Contrat Urbain de Cohésion Sociale), European Urban CIP Programme (programme européen PIC Urban), Urban Free Zone (zone franche urbaine), convention with the French National Urban Renewal Agency (convention avec l'Agence Nationale de Rénovation Urbaine). Over and above the urban and social treatment of the Val Fourré, this recovery policy rests on an integrated strategy - the Mantes-en-Yvelines Project (Projet Mantes-en-Yvelines) – which has influenced the overall process.

This partnership has been strengthened by the implementation of a unique kind of engineering dedicated to the overall project, entrusted to **EPAMSA**. **EPAMSA's** mission was to translate strategic guidelines into concrete operations to guarantee their implementation and ensure the coordination of all parties involved.

This initial Urban Renovation Programme has had the result of an inward-looking restructuring of the town and offering the inhabitants of the Val Fourré improved living conditions. Specifically, this profound transformation has restored over 3,000 social housing units, implemented a large-scale social housing demolition programme (2,348) and opened-up the districts by creating new links with the rest of the town and the conurbation - the introduction of urban public services (hospital, nursing school, swimming pool, CAF...), insertion of new enterprises via the creation of a free zone and a hotel etc.



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- 1/ *Renovation of the Doctors' district*
- 2/ *Ibis Hotel and public services (CAF, social security...)*
- 3/ *Renovation of the Painters Doctors' district*
- 4/ *Development of a landscaped basin and play-area for children - Painters Doctors' district*
- 5/ *Renovation of the Painters Doctors' district with the Aqualude swimming pool near the Seine*



# CONTINGENCY PLANS IN PRIVATE HOUSING

**The Val Fourré currently accounts for 6,000 homes, 24% of which are privately owned. Thirteen of the sixteen co-owned properties in the Val Fourré date back to the beginnings of the district and were built at the same time as social housing, between 1965 and 1975.**





The whole of the “historical” estate is affected by high charges and the impoverishment of its inhabitants, which has left many with significant arrears and has caused delays to the renovation and maintenance of the buildings. As the years went by, middle class owners began to give way to less well-off owners. Indeed, co-owned properties in the Val Fourré are sometimes described as “de facto housing estates”, housing a vulnerable population. Such low-income homeowners find it difficult to maintain their properties which are slowly deteriorating.

This private estate is heated by the urban heating network. Insulation is often poor in these buildings and, as a result, they require a lot of heating and use large amounts of domestic hot water.

### ADDITIONAL INFO



Average charges for co-owned properties in Val Fourré amount to **266 per month** which is a lot of money for people with an average **monthly salary of € ,815**.

### ADDITIONAL INFO



Private housing in the Val Fourré attracts unscrupulous landlords looking to buy up properties at below-market prices and rent them at much higher prices, thus generating significant appreciation via the rental return.

In order to mitigate the major issues around co-ownership, a number of measures have been put in place in quick succession. Support for co-ownership grew through the creation by local authorities in 1996 of a housing redevelopment funding run by **EPAMSA**. As a result of this fund, known as the DCIF (Dispositif Coordonné d'Intervention Foncière), **EPAMSA** has been able to acquire a number of homes in run-down co-owned properties and halt the deterioration. This measure allows **EPAMSA** to acquire at least one lot in a co-owned property, which means the organization can be a member of the trade-union council and join the governing bodies of the co-owned properties facing the greatest difficulties. Specializing in co-owned property and having detailed knowledge of the operators are undeniable advantages in terms of putting in place the necessary operational measures. The DCIF has reduced the debt and the financial difficulties associated with co-owned properties. However, it has not offered a long-term solution to the problem of damage to the housing stock nor that of fuel poverty.



Neptune Tower



# **THE EPC, AN INNOVATIVE TOOL FOR THE UPGRADING AND ENERGY RENOVATION OF RUN- DOWN CO-OWNED PROPERTIES**

**Driven to despair by heating costs and the continued deterioration of their buildings, Val Fourré co-owners face serious fuel poverty - 40% of individual co-owners' utility costs relate to "heating and domestic hot water".**

Faced with such difficulties, **EPAMSA** initiated the **Energy Performance Contract**. An innovative tool adapted to energy renewal, which emerged as an opportunity to provide a lasting solution to the problems facing co-owned properties in the Val Fourré. By carrying out large-scale thermal insulation works, the co-owners will benefit from not insignificant reductions in their utility bills.

The homes in the Val Fourré are real energy sieves and heating bills are a considerable burden on household budgets. In view of this, **EPAMSA** suggested putting in place the energy performance contract. Since 2009, it has helped the 132 landlords of two co-owned properties in Côtes de Seine and 92 housing units implement it.

### What is the EPC?

A measure which emerged from the “Grenelle de l’environnement” law of 2009, the main goal of the EPC is to guarantee a fixed level of energy consumption to its contractors. It is signed by a project manager and a consortium of companies who agree upon a guaranteed level of energy consumption and carry out the required rehabilitation work. The consortium then puts forward a proposal in respect of the operations that need to be carried out on the buildings and how the substations need to be managed in order to meet the goals laid out by the association of co-owners, while guaranteeing the required performance standard.

## ADDITIONAL INFO



**40% of individual co-owners’ utility costs** relate to “heating and domestic hot water”.

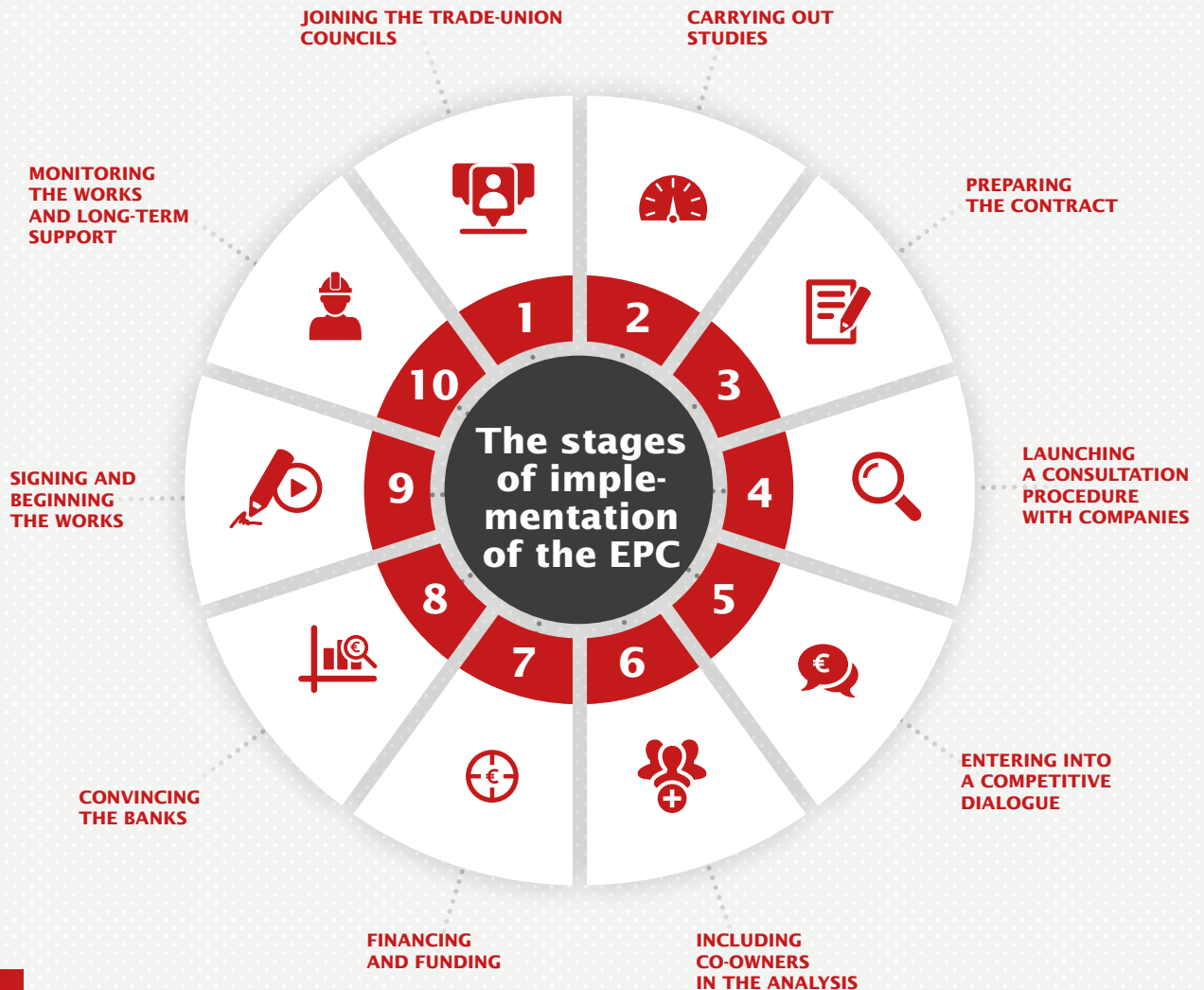
### Working with our partners, the key to success

The success of this project, with the first EPC being implemented in 2016 in the Côtes de Seine residential estate is the result of a long partnership led by **EPAMSA** with the trade-union councils, the co-owners and other local operators. **EPAMSA** started a chain reaction as described in the following paragraph.



Partners united for the signature of the “Côtes de Seine” EPC December 2015

# THE DIFFERENT STAGES OF IMPLEMENTATION



## 1 JOINING THE TRADE-UNION COUNCILS

**EPAMSA's** long-term presence within the trade-union councils of the Cotes de Seine residential estate and of 92 properties was the key that guaranteed the success of the EPC project. Indeed, through the investment fund which it manages, the DCIF, **EPAMSA** owns several properties within the two estates, this presence and its status as co-owner means it has an excellent understanding of those involved in the co-ownership (members of the trade-union council, co-owners with vested interests or those who are less motivated). This pre-existing relationship is a factor for success which encouraged investment by co-owners and their adherence to the project. In 2011, **EPAMSA** therefore started running information meetings in connection with the EPC project in order to explain the benefits of the project and to argue in its favour. Initial reticence from co-owners concerning the upfront costs of the work was rapidly allayed thanks to the **EPAMSA's** efforts in finding potential financial partners.

## 2 CARRYING OUT STUDIES

Bolstered by the co-owners' adherence to the project, **EPAMSA** carried out the first energy consumption assessments. New thermal studies also led to wide-ranging discussions on heat production, distribution, and consumption within these co-owned properties. **EPAMSA** also obtained help to negotiate heating and maintenance contracts.

These studies demonstrated that only large-scale comprehensive action in the area of thermal rehabilitation can effectively combat the issue of fuel poverty, reduce charges and renovate co-owned properties.

## 3 PREPARING THE CONTRACT

From 2011 onwards, **EPAMSA** worked on drafting the contract with these two co-owned properties to achieve all these goals.

## 4 LAUNCHING A CONSULTATION PROCEDURE WITH COMPANIES

The consultation procedure with companies and the drafting of the tender document was carried out in January 2012 by **EPAMSA** who bore the cost of project management assistance. This comprised the firms Habitat & Territoires Conseil and Soller-Couteau for all thermal and legal aspects.

## 5 ENTERING INTO A COMPETITIVE DIALOGUE

At the end of the consultation, **EPAMSA** organized a competitive dialogue between the different companies involved in the calls for tenders. During the course of this competitive dialogue, the parties who submitted an application presented their bid, namely a technical programme of operations to be carried out on the buildings and the substations, a financing plan which includes subsidies that can be mobilized and a draft contract.

### To note

The procedure for accepting works, yearly monitoring of consumption and substation maintenance, the payment of penalties if the consumption target is not met, the length of the contract, and above all the contract renegotiation clauses were the points covered during the competitive dialogue sessions, in addition to the programmes of operations.

**EPAMSA** was responsible for drafting a report on the meetings, to highlight the key points of the discussion and any items to be revised before proceeding to the next step.

## 6

## INCLUDING CO-OWNERS IN THE ANALYSIS

At the end of the two rounds of competitive dialogue each panel held a meeting to analyse the submissions and selected the most attractive offers for the two co-owned properties. The co-owners were informed of the state of progress of the consultation during the general ordinary meetings held in June and July 2012. The co-owners, therefore, followed the consultation process and two of them actively participated in the competitive dialogue sessions and the analysis of the two final offers.

For the Côtes de Seine residential estate, the successful tender in June 2012 came from the group Patrimoine 2020, composed of Bati Rénov acting as lead firm for the group, COGEMEX (heating), FORM architectures and the thermal consultancy firm ELAN totaling €2 million in projects. The group selected for the estate comprising 92 properties consists of Eiffage Construction, Dalkia (heating), Brelan d'Arch architecture company, thermal consultancy firm S2T for a total of €7 million in projects.

## 7

## FINANCING AND FUNDING

From 2012 to 2014, **EPAMSA** focused on consolidating financial arrangements for the operations and presented the project to its financial partners, so that they might provide the necessary funding required for the go-ahead. Indeed, bearing in mind the outstanding charges and major financial difficulties facing co-owners, the project had to find an economically viable solution.

Convinced that these thermal rehabilitation programmes would offer improved living conditions for co-owners, the financial partners pledged their efforts to this high-value-added energy project. The EPC is part of the OPAH project run by the region and managed by Grand Paris Seine & Oise (GPS&O), which, as a result of the grants provided by the National Housing Agency (Agence Nationale de l'Habitat (ANAH)), in the Ile-de-France Region and the Department of the Yvelines, offers co-owners significant help.

## ADDITIONAL INFO



**These two EPC projects are 80% public funded by the ANAH,** by the Ile-de-France Region, the Agency for the Environment and Energy Management and GPS&O. They are also funded by "individual" grants (department of the Yvelines, Abbé Pierre Foundation, Caisse nationale d'assurance vieillesse (National Old Age Pension Fund), Caisse d'allocations familiales (Family Allowance Fund) ... paid to certain co-owners depending on the status of their tenancy (tenant/landlord), their resources and their status (pensioner) and the type of works (changing the joinery, changing the radiators).

The co-owners' contribution to the costs is, therefore, what is "left to be paid" in other words the initial share, minus any grants received (collective and individual) i.e. between €2,000 and €5,000 per home.

## 8

## CONVINCING THE BANKS

**EPAMSA** has been trying to both teach and persuade the banks, who remain reluctant to lend money to co-owners to pre-finance this public aid.

It was finally made possible via a partnership with Logicap which pre-finances individual grants, and the Caisse d'Epargne which pre-finances collective grants. This money is transferred by the financiers once it has been confirmed that the works conform to the programmes envisaged. In both cases, the loan agencies paid the amount necessary to start the work and to continue to finance it once the remaining outstanding amounts have been paid by the co-owners in full.

This process took one year to conclude for the Côtes de Seine residential estate and two years for the 92 homes.

## 9 SIGNING AND BEGINNING THE WORKS

The EPC for Côtes de Seine was signed on the 16 December 2015 between the Patrimoine 2020 group and the co-ownership association Fontenoy Immobilier, representing the co-owners and the project managers for the operation.

### ADDITIONAL INFO



**The 40 Côtes de Seine co-owners will save 53% on their heating charges** starting from the 2nd year of its installation; the first year will be impacted by the work. This utility costs amount is guaranteed by the company for a total of 15 years.



*Signature of the first EPC*

### To note

This Energy Performance Contract is the first one concerning a run-down co-owned property in France.

Work began in June 2016 and lasted 9 months. They are aiming for a rehabilitation to a type BBC (bâtiment basse consommation or 'low-energy building') which will allow the building to improve its energy performance rating from E to B.

Work on the 92 homes will begin in June 2017. The goal being to obtain a BBC rating, the EPC will provide co-owners with a guaranteed saving of 59 % on heating consumption compared to their current consumption. The group, comprising Eiffage Construction, Dalkia, Brelan d'Arch and S2T, will carry out the renovation, thus guaranteeing control over heating charges for 15 years.



*Côtés de Seine in 2013*



*View of the building after renovation*

## **10** MONITORING THE WORK AND LONG-TERM SUPPORT

Co-owned properties will be the subject of a thorough evaluation after work has been completed. The aim being to assess the performance of the EPC by verifying that the energy savings guaranteed in the contract have been achieved. The co-owners will require support through this process. **EPAMSA** commits to helping co-owners in regards to this follow up and any possible renegotiation of their contract, should the objectives laid out not be met or if any significant changes were to be made that would modify the initial terms of their agreement.

