

## Environment - Switzerland

Improving the sustainability of real estate

Contributed by [Pestalozzi Attorneys at Law](#)

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As buildings account for approximately 40% of energy consumption and carbon dioxide emissions, the Swiss Federation and cantons are seeking to reduce this. About 1.5 million buildings throughout Switzerland are in urgent need of energy renovation.<sup>(1)</sup> To improve the situation, and to increase real estate sustainability, several measures have been implemented at both federal and cantonal level. This update outlines the legal background and discusses certain of these measures in more detail.

### Legal background

#### **Federal constitution**

Sustainability is a fundamental principle of Swiss environmental law. According to the Federal Constitution, the state is committed to the long-term preservation of natural resources and promotes their conservation. The Confederation and the cantons further endeavour to achieve a balanced and sustainable relationship between nature, its capacity to renew itself and the needs of humans.<sup>(2)</sup> This principle of sustainability is abstract and therefore is not directly enforceable. However, it has been implemented and specified in a number of directly enforceable laws concerning environmental matters in general and real estate sustainability in particular.

#### **Federal legislation**

The Federal Statute on the Reduction of Carbon Dioxide Emissions<sup>(3)</sup> may be described as the centrepiece of Swiss climate policy. It aims to reduce the consumption of fossil fuels and carbon dioxide emissions through particular energy and environmental measures, including increasing the use of renewable energy.

In order to achieve certain carbon dioxide emission targets, a carbon dioxide tax – based on the Federal Statute on the Reduction of Carbon Dioxide Emissions – came into effect on January 1 2008. The tax is levied on the production and import of coal and other fossil fuels, leading to increased energy costs for enterprises and households. The revenue derived from the carbon dioxide tax is an important financial resource for real estate sustainability measures.

The Federal Statute on Energy<sup>(4)</sup> aims to ensure economical, ecological and rational energy supply, distribution and consumption. It further aims to increase the use of local and renewable energy. The Energy Act's main measure to increase the energy efficiency of buildings is to provide for subsidies for cantonal measures.

#### **Cantonal legislation**

To receive subsidies from the federation, the cantons have issued cantonal laws specifying programmes and measures to conserve energy and to achieve efficient energy consumption. For example, the Canton of Zurich Energy Act<sup>(5)</sup> stipulates specific energy-saving measures for buildings.

### Specific measures to increase real estate sustainability

#### **Federal measures**

The Swiss Federation has implemented the following measures to increase real estate sustainability:

- cooperation in efforts to reduce carbon dioxide emissions, particularly by entering into framework agreements on performance targets with the Energy Agency of the Economy<sup>(6)</sup> and by acknowledging target agreements between the agency and

Authors

[Anne-C Imhoff](#)



[Michael Lips](#)



individual enterprises, thereby obliging these enterprises to achieve the agreed targets. Enterprises that enter into binding target agreements can achieve exemption from the carbon dioxide tax as a benefit;

- imposition of the carbon dioxide tax to incentivise reductions in carbon dioxide emissions;
- subsidisation of the cantons for promoting efficient energy consumption and for increasing the use of waste heat and renewable energies;
- subsidisation of approximately 30 agencies and networks that promote climate protection, such as MINERGIE,<sup>(7)</sup> a quality standard for new and modernised buildings;
- provision of education and training to energy experts;
- provision of information to the public and to public authorities about securing an economical and sustainable energy supply, the possibilities to use energy economically and the use of renewable energy; and
- promotion of basic and advanced research, as well as the development of new energy technologies.

### ***Cantonal measures***

While the federal measures primarily forest out the preconditions and general framework to improve real estate sustainability, the cantonal measures focus on direct on-site improvements. The cantonal measures vary within the different cantons, but widely include the following:

- provision of (sample) regulations for buildings;
- provision of advice to the public and to public authorities about securing an economical and sustainable energy supply, the possibilities to use energy economically and the use of renewable energies;
- subsidisation of the construction and renovation of low-energy consumption houses and investments into the improvement of the energy efficiency of buildings, for instance by improving their heat insulation;
- subsidisation of the investments into energy-efficient heating systems such as heat pumps, wood-firing, district heating systems and waste heat recovery facilities, as well as replacement of electric heating installations; and
- subsidisation of the use of alternative and renewable energy sources such as photovoltaics, solar collectors and biogas plants.

### ***National Building Programme***

The National Building Programme of the Swiss Federation and the cantons<sup>(8)</sup> aims to reduce energy consumption in and carbon dioxide emissions from buildings. The programme consists of the following supplemental measures:

- subsidisation of improvements to heat insulation in buildings that were constructed before 2000;
- subsidisation of improvements to basic building structures and overall renovations fulfilling certain efficiency standards;
- subsidisation of the installation of improved housing technology; and
- subsidisation of the use of renewable energies and of waste heat.

The programme receives one-third of its financing from revenue collected through the carbon dioxide tax. It receives additional finance through contributions from the cantons.

### ***Swiss Climate Foundation***

The Swiss Climate Foundation is a non-profit foundation that directly funds small and medium-sized enterprises that make contributions to reduce carbon dioxide emissions and towards climate protection.<sup>(9)</sup> The foundation provides financial support to enterprises that engage in real estate sustainability in the following areas, among others:

- improving buildings' insulation efficiency;
- replacing fossil fuel heating systems with biomass heating systems; and
- creating innovative housing technology.

The foundation consists of renowned enterprises which contribute their carbon dioxide tax refunds, thereby reinvesting their net gains from redistributed carbon dioxide tax into climate protection projects.

### **Comment**

A broad range of federal, cantonal and voluntary private measures are promoting enhanced real estate sustainability in Switzerland. The involvement of private

enterprises, foundations and associations leads to a well-balanced and flexible system. The carbon dioxide tax in particular makes fossil fuels more expensive and provides a direct incentive to reduce carbon dioxide emissions. In addition, a substantial portion of the revenue derived from that tax is used to subsidise efforts to reduce carbon dioxide emissions from buildings.

*For further information on this topic, please contact [Anne-C Imhoff](#) or [Michael Lips](#) at Pestalozzi Attorneys at Law by telephone (+41 44 217 91 11), fax (+41 44 217 92 17) or email ([anne-c.imhoff@pestalozzilaw.com](mailto:anne-c.imhoff@pestalozzilaw.com) or [michael.lips@pestalozzilaw.com](mailto:michael.lips@pestalozzilaw.com)).*

## Endnotes

- (1) [www.dasgebaeudeprogramm.ch/index.php/de/das-gebaeudeprogramm/ziele](http://www.dasgebaeudeprogramm.ch/index.php/de/das-gebaeudeprogramm/ziele).
- (2) Article 2, Section 4, Article 54, Section 2 and Article 73 of the Federal Constitution of the Swiss Confederation of April 18 1999 (SR 101).
- (3) Federal Statute on the Reduction of CO<sub>2</sub>- Emissions, October 8 1999 (SR 641.71).
- (4) Federal Statute on Energy of June 26 1998 (SR 730.0).
- (5) Energy Act of the Canton of Zurich of June 19 1983 (LS 730.1).
- (6) [www.enaw.ch](http://www.enaw.ch).
- (7) [www.minergie.ch](http://www.minergie.ch).
- (8) [www.dasgebaeudeprogramm.ch](http://www.dasgebaeudeprogramm.ch).
- (9) [www.klimastiftung.ch](http://www.klimastiftung.ch).

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