



UNDER THE UMBRELLA OF THE EUROPEAN HOUSING FORUM



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DECARBONISATION OF THE EU HOUSING STOCK THROUGH CONTEXTUALISED EU CLIMATE POLICIES A HOUSING SECTOR PERSPECTIVE

The decarbonisation of the European housing stock, while making it affordable, safer and accessible, is a matter of great importance for our organisations. Better performing buildings can ensure healthier and safer environments for all citizens. Together we represent **housing consumers** – be they tenants, owner-occupiers, or households at risk of housing deprivation – **housing providers** such as private, social and public housing landlords and private developers, as well as **housing professionals** including builders, chartered surveyors and real estate agents and managers.

Following the release of the first batch of the Fit for 55 package in July 2021, and ahead of the second one planned for December, in particular the proposal for amending the Energy Performance of Buildings Directive (EPBD), we deem it essential to share the following recommendations to ensure that the transition towards a decarbonised housing stock is achieved with extra prudence and regard to specific considerations.

GETTING THE TRANSITION RIGHT

The Fit for 55 package is an ambitious project and an important milestone in the EU's race towards a carbon neutral Europe by 2050. While renovation is a vital element of this transition, with societal and economic benefits, it does not come without a cost.

Improving the energy performance, quality and sustainability of peoples' homes, particularly those already standing, cannot be standardised or enforced with the same approach as other sectors (e.g. automobiles or appliances).

AFFORDABILITY AS A GUIDING PRINCIPLE

The Renovation Wave Strategy already defined the aim to make decarbonised housing affordable. Therefore, building renovation can and should not be decoupled from that goal as many European citizens struggle to find affordable housing or to keep up with their mortgage payments and housing costs. To get it right, the Renovation Wave should focus on finding the right balance between enabling renovation without generating unbearable economic burden for the concerned parties, including for vulnerable and energy poor households.

Over-regulating building renovation entails the risk that this will come at the expense of solving other pressing issues, in particular the housing crisis. While many of the legislative proposals published this summer, planned at the end of the year or announced under the Renovation Wave are meant to mutually reinforce each other, the risk of

overlap and overload between the provisions they include, combined with the national measures, is real. The number of provisions that will affect the sector is considerable. These range from increased carbon pricing, mandatory minimum energy performance standards (MEPS), an annual 3% renovation obligation for public buildings – including social housing, energy savings obligations, EU benchmark for renewables in buildings, an indicative EU target of at least 49 % renewable energy share in the buildings' sector by 2030 to stricter NZEB requirements. Revised and mandatory information tools, and potentially even battery charging infrastructures are added on top. Not to mention climate adaptation and circularity, which will play a considerable role in the coming decade. Thus, ensuring the coherence and feasibility of measures is a difficult exercise and the chance that it might get lost while the final cost to be paid by the owners and end-users is likely to rise.

DOING THE MATH

This (affordability) risk is reinforced by the fact that the necessary financial component might not follow. While unprecedented amounts of resources are made available via Next Generation EU, all these funds together are still not sufficient to meet the goals of the Renovation Wave. Furthermore, it is largely left to the discretion of Member States to decide how these funds are used. More recently, the Social Climate Fund has been announced, but once again, not only is it unclear how this fund will be utilised, but most importantly, we may expect it will be up to national authorities to allocate and disburse the amounts.

Furthermore, the fund lacks sufficient resources to truly play a meaningful role. The Commission should therefore put forward proposals that secure targeted financing towards the households in need. Even though the European Commission invests efforts into securing at least a percentage of the actual amount needed to meet its levels of ambition, these are not accompanied by guarantees that the allocated funds will actually contribute to the given goals at local, regional and national levels. These safeguards need to be put in place for a successful roll-out of the policies.

LEGISLATIVE REQUIREMENTS TO BE FIT FOR PURPOSE

The Fit for 55 legislative package will ensure that Member States intensify their policies and take additional measures, including for the building sector. Nevertheless, the upcoming requirements should enable an appropriate level of flexibility regarding national settings. Without a doubt, the EU building stock and energy systems vary tremendously across different Member States. This heterogeneity needs to be therefore carefully considered to ensure that different economic, climate, political and social conditions are addressed.

This is particularly significant, and relevant, for the foreseen introduction of MEPS for existing buildings, which will undeniably be the most impactful provision of the next EPBD. Such a detailed sectoral approach could fall short of its social objectives, unless introduced carefully, coupled with the appropriate incentives and the necessary financial support. Flexibility, progressivity, cost-effectiveness (including the continuous evaluation of construction costs) are therefore crucial.

HOLISTIC AND INTEGRATED VIEW OF BUILDINGS FOR A QUALITY RENOVATION WAVE

We support a holistic approach to renovation: an approach that beyond energy efficiency, seeks to improve well-being and comfort of occupants, technology-neutrality as well as the heritage and use values of buildings. In parallel, we consider that buildings need to be seen as an integrated part of a neighborhood and an element of the local energy systems, which requires to reflect local, regional and national levels conditions. Such an approach would ensure that we achieve a 'quality renovation wave', that truly makes a difference in people's minds and quality of life for all citizens whilst reducing inequalities. Nevertheless, designing quality places requires bespoke solutions, based on

a careful assessment of the context and needs of the end-users, in order to optimise the economic, social, environmental and cultural values of the place. Conversely, standardised and "one-size-fits-all" solutions, single-minded approaches, and excessive focus on economic or technical aspects cannot result in qualitative outcomes. Equally important, we consider that circularity should progressively play a growing importance in building policy. Yet, it should not be addressed in the context of the EPBD revision, which should remain under its current scope of energy performance rather than environmental performance.

WE THEREFORE HIGHLY RECOMMEND THE EUROPEAN COMMISSION TO:

Prioritise measures that demonstrably lead to the greatest CO2 reductions for the lowest costs for building owners and residents;

Refrain from one-size-fits-all solutions:

- Maintain the national policy space and ensure that measures prescribed at the EU-level do not undermine approaches already taken on the national level;
- Grant a level of flexibility to Member States to design policies that factors in the heterogeneity of their building stock and ownership structures, the state of their different building segments, the peculiarities of their energy systems and the average median income of their population;
- Address energy poverty across the EU acknowledging that different structures of housing (regardless of the tenure statute) might require different answers;
- Consider that some housing segments might require special attention, e.g. buildings where the real bottleneck is community ownership and decision making;

Guarantee that any introduction of new mandatory requirements, including MEPS:

- Are led by a sectoral and progressive/gradual approach, cost-effectiveness guiding principle and flexibility and are accompanied by safeguards including social safeguards ensuring that the energy transition is fair and beneficial to all;
- Focus on the overall objective rather than specific and detailed measures and trigger points for renovation to allow for technology neutral action to be undertaken in accordance with the regular/logical management and maintenance cycle of a building or an entire block as well as their specific needs;

Activate dedicated funding:

- Provide and ensure guarantees for the deployment of European public resources to achieve the goals of the green transition targeted towards the end-user;
- Amend the State aid rules in order to surpass the barriers for building renovations while keeping a level playing field among actors across the EU;

Enable quality and targeted training and re/up-skilling of workers and professionals across the sector (construction workers, assessors for respective tools etc.)

Ensure the establishment, address the current bottleneck and facilitate the efficient management and long-term sustainment of One-Stop-Shops (OSS) to provide assistance and support for renovation to the various segments of the housing sector and the various ownership structure.

PUTTING THE PUZZLE TOGETHER

The Renovation Wave has been conceived as a unique opportunity to facilitate the transition towards a more sustainable, energy efficient and integrated building stock. For this Wave to be successful across Europe, it needs to bring forward its enabling role, guarantee real CO2 emission savings and only carefully introduce possible binding objectives in order to assist the European housing sector in its path to decarbonisation. This important objective of climate policy should work for all sectors and with the citizens.

The Renovation Wave across EU households therefore needs to be set at a right pace, both economically and socially. Moreover, such an important transition requires further investments in development of relevant skills and capacities in the construction sector. Only once all the pieces of the puzzle will be joined together, could the Renovation Wave realise the expected ambition. Enabling the housing sector to do its part is therefore the crucial part of this unprecedented endeavour.

ABOUT US



Build Europe is the umbrella organisation for European Union Member States' national federations of developers and house builders, representing more than 30,000 developers and house builders affiliated to the federations of 14 European countries. Build Europe's main objective is above all to meet the social and environmental aspirations of European citizens. Build Europe works with its Members to promote practical deliverable policy approaches to build more, with better quality and at an affordable price.



Headquartered in Brussels since 1990, CEPI is the European Association of Real Estate Professions, a non-profit international organization that regroups 29 leading national associations representing real estate agents and property managers in Europe. One of the association's principal aims is to raise professional standards in the real estate professions, promoting that real estate business is conducted by qualified professionals with high ethical standards.



The European Ageing Network (EAN) groups more than 10.000 care providers across the European continent. Members represent all types of organisations and individuals active for older persons and all types of ownership including for profit, not-for-profit and governmental organisations. It is their vision and mission to improve the quality of life for older persons and support them in making each day a better day for by providing high quality housing, services and care.



Established in 1990, the European Builders Confederation (EBC) is a European professional organisation representing national construction employer associations of micro, small and medium-sized enterprises. EBC is a member and partner of SMEunited, the European association of SMEs, and Small Business Standards (SBS), the European association representing SMEs in standardisation. The construction sector is of vital importance to the European economy. With 3.4 million enterprises and a total direct workforce of 18 million, the construction sector contributes at around 9% to the GDP of the European Union. 99.9% of the European construction sector is composed of micro, small and medium-sized enterprises.



Created in 1972, ELO promotes a prosperous and attractive European Countryside. ELO is a unique federation of national associations from the EU27 and beyond which represents the interests of landowners, land managers, rural entrepreneurs and family businesses. It targets its actions on land use and housing, via seven major areas of European importance: environment, renewable energy, agriculture and rural development, status of private property and companies, forest, enlargement and trade.



FEANTSA is the European Federation of National Organisations Working with the Homeless. We are the only European NGO dedicated to the fight against homelessness. Our ultimate goal is an end to homelessness in Europe. FEANTSA is a recognised centre of expertise on homelessness and housing exclusion, carrying out transnational work on policy, practice and research. FEANTSA works on the overlapping issues of energy poverty, housing quality and energy efficient renovation from this perspective; focusing on the risks and opportunities of the transition.



Driven by the vision that everyone deserves a decent place to live, Habitat for Humanity International is an international NGO that helps individuals and families achieve the strength, stability and self-reliance through decent and affordable shelter. Habitat for Humanity EMEA has programs and offices in 10 EU member states and 6 countries in Energy Community countries outside the EU. In partnership with USAID Habitat has been working on scaling up financing for the renovation of privately-owned multi-apartment buildings to increase energy efficiency of these buildings and to alleviate energy poverty of low income homeowners in Central and Eastern Europe.



Housing Europe is the European Federation of Public, Cooperative & Social Housing. Since 1988 it's a network of 46 national & regional federations gathering 43.000 housing providers in 25 countries. Together they manage around 25 million homes, about 11% of existing dwellings in Europe. Our membership network a vision of a Europe which provides access to decent and affordable housing for all in communities which are socially, economically and environmentally sustainable and where everyone is enabled to reach their full potential.



We are RICS. Everything we do is designed to effect positive change in the built and natural environments. Through our respected global standards, leading professional progression and our trusted data and insight, we promote and enforce the highest professional standards in the development and management of land, real estate, construction and infrastructure. Our work with others provides a foundation for confident markets, pioneers better places to live and work and is a force for positive social impact.



UIPI is a pan-European not-for-profit association comprising 31 organisations from 28 countries. Jointly, they represent more than 5 million private property owners and some 20 to 25 million dwellings. Founded in 1923, the UIPI aims at protecting and promoting the interests, needs and concerns of private landlords and owner-occupiers at national, European and international levels. The UIPI is involved in many issues, including general housing; taxation and inheritance concerns; technical matters and new regulations such as energy saving in buildings; the private rented agenda; as well as universal consumer rights and social responsibilities.

The European Housing Forum was created in 1997, following the adoption of a resolution on the social aspect of housing by the European Parliament. The Forum is an informal platform gathering 15 representative organisations of the entire housing sector. Its members are all major international or European organisations representing consumers, providers, professionals and researchers. The Forum is a place for exchange and debate. It regularly organises internal meetings, and from time to time, thematic seminars and conferences which are open to all interested parties.

The member organisations represent:

- Housing consumers such as tenants, home-owners, and people who are homeless or inadequately housed;
- Housing providers such as private, social and public housing landlords and private developers; and,
- Housing professionals such as builders, architects, chartered surveyors, real estate agents and managers, and researchers specialised in housing issues.



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