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A Renovation Wave for Europe

OPINION

European Economic and Social Committee

**Communication from the Commission to the European Parliament, the Council, the European
Economic and Social Committee and the Committee of the Regions**
A Renovation Wave for Europe – greening our buildings, creating jobs, improving lives
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1. **Conclusions and recommendations**

- 1.1 The EESC welcomes the European Commission's adoption of a proposal for a European strategy on *A Renovation Wave for Europe - greening our buildings, creating jobs, improving lives*. Such a strategy is an absolute and indispensable necessity for the European Union and its citizens – a strategy that the EESC intends to support and actively nourish with its reflections and proposals.
- 1.2 The EESC takes the view that, accounting for 40% of total energy consumption, homes and other buildings across the EU need to undergo this kind of renovation wave, spurred on by the European Union, as part of a holistic approach to long-term investment in the general interest, sustainable development, health protection (including the handling of asbestos in such work), the green transition and the effective implementation of the European Pillar of Social Rights with regard to sustainable and affordable housing.
- 1.3 The EESC therefore supports the renovation wave strategy, as it is a "win-win-win" strategy for the European Union – a threefold win for the climate, for the recovery thanks to the local jobs created, and finally for the fight against the pandemic and energy poverty and in favour of sustainable housing for all, including vulnerable people.
- 1.4 The EESC takes the view that, given the strategy's specific nature and its trajectory to 2050, it needs to be set within a clear, stable and tailored legal and financial framework, both by deploying a dedicated European investment fund, multiannual investment plans and a new "green semester", and by establishing a dedicated, tailored legal framework relating for example to State aid, applicable VAT rates, public procurement, green mortgages and energy performance standards.
- 1.5 The EESC calls on the Commission to put in place incentives for the development, at local level, of the industrialisation and mass roll-out of energy-efficiency renovation processes, and at the same time to establish a new "Erasmus for energy-efficiency renovation 2050" so as to attract young people in Europe to these new jobs of the future.
- 1.6 The EESC also calls for the Member States to be encouraged to follow the example of the EIB's ELENA programme and implement public diagnostic, technical support and advice services, particularly for households, so as to prevent abusive doorstep selling and fraudulent practices in connection with the energy-efficiency renovation support schemes.
- 1.7 The EESC considers, above all, that this strategy needs to bring the European Union closer to its citizens and the places where they live, through appropriate communication concerning the schemes in force and how to access them.
- 1.8 The EESC calls for genuine synergies between the Building Stock Observatory and the Energy Poverty Observatory.

2. General comments

- 2.1 The EESC welcomes the European Commission's adoption of the Communication on *A Renovation Wave for Europe – greening our buildings, creating jobs, improving lives*. The large-scale renovation of buildings in the European Union – private and social housing, public and professional-use buildings – is now an absolute necessity, given the structural long-term under-investment in this area and the climate, environmental, economic and social consequences involved, as well as the costs of failing to take action.
- 2.2 The Committee supports the strategy proposed by the Commission, which is underpinned by the climate neutrality objective, applies circularity principles, contributes to the Sustainable Development Goals and Europe's competitiveness, safeguards cultural heritage, and protects the right of everyone to have affordable, liveable, accessible and healthy housing, in accordance with Principle 19 of the European Pillar of Social Rights.
- 2.3 Accounting for 40% of total energy consumption, homes and other buildings across the EU need to undergo a wave of renovations as part of a holistic approach to long-term investment in the general interest, sustainable development and the green transition.
- 2.4 The pandemic has also highlighted the key role of housing in managing the health crisis and the need to rethink how homes are used, and therefore how they are designed, taking into account the constraints of lockdown.
- 2.5 Above all, the pandemic has highlighted the unacceptable link between the degree to which housing is healthy, energy poverty and resilience to the pandemic.
- 2.6 The building renovation wave strategy is thus a win-win-win initiative, given the scale and effectiveness of its contribution to climate action, the volume of long-term investment and local jobs that it can bring about and that can actively contribute to the recovery, and given its contribution to combating energy poverty and promoting social cohesion and inclusion through the development of affordable housing for EU citizens.
- 2.7 The building renovation wave should therefore be driven by permanent and converging winds and currents, both in terms of EU regulation and support and in terms of Member States' multiannual investment plans. These must be both clear and accessible, while taking into account the diversity of players involved and their particular investment rationale, ranging from European households occupying their own home, fully owned or in co-ownership, households letting out one or more properties on the market, social housing organisations governed by specific general interest mandates and associated public service obligations, public authorities and their public buildings, protected historic buildings, and companies and their buildings. There are so many potential "surfers" on the renovation wave who will have to be persuaded to make long-term investments in their homes and other buildings by 2050, by means of financing mechanisms tailored to the types of buildings, combining long-term loans or "green loans", public guarantees and the indispensable non-repayable grants, particularly for households.

- 2.8 The building renovation wave will need to be driven in particular by a European movement towards the industrialisation and mass roll-out of renovations at local level, in order to reduce the cost and duration of renovation work for the households living in the dwellings affected, and by outsourcing and digitalising processes. This industrialisation must go hand in hand with new construction models based on appropriate technical requirements and construction standards, and above all with a European campaign to promote this new wave of industry and these potential new jobs to the younger generations by launching an "Erasmus for energy-efficiency renovation 2050", an initiative that the Committee would very much like to see. Particular attention must also be paid to the risks of social dumping inherent in such outsourcing and other means of subcontracting the work.
- 2.9 The Commission must ensure convergence not only of the existing provisions, but also of the provisions to be revised and the proposed new provisions, not only towards the Member States and their long-term investment strategies, but also towards households, social landlords, public authorities and businesses – all of the final decision-makers making individual long-term investments that will feed into the surge between now and 2050 with their own rationale.
- 2.10 This need for convergence applies both to the revision of existing provisions relating, for example, to the Energy Performance of Buildings Directive, public procurement and state aid schemes, particularly for social housing, specific applicable VAT rates, "green" mortgages, and the provisions and conditionality elements of the NextGenerationEU recovery plan for Europe and the 2021-2027 cohesion policy, which must be clear for the European households they target. The recovery plan needs to be revitalised via a genuine policy of concrete proposals and recommendations, and by coordinating existing national observatories.
- 2.11 The Committee calls for the EU Building Stock Observatory to work in coordination with the Energy Poverty Observatory.
- 2.12 The Committee calls for a public service to be set up in the Member States to promote the energy-efficiency renovation wave and to offer diagnostics and technical support for energy-efficiency renovation work, particularly for households, so as to avoid any malicious practices with regard to the misselling of renovation works.

3. **Comments – Boosting building renovation for climate neutrality and recovery**

- 3.1 The large-scale renovation of buildings in the European Union – private and social housing, public and professional-use buildings – is now an absolute necessity, given the structural long-term under-investment in this area and the climate, environmental, economic and social consequences involved.
- 3.2 The Committee agrees with the Commission's analysis of the urgency from the climate perspective of taking action on renovating housing and other buildings and of the opportunity presented by the COVID-19 crisis to rethink, redesign and modernise our buildings, taking an environmental, social and economic win-win-win approach. This is indeed a unique opportunity to take action simultaneously on climate neutrality, recovery and social cohesion.

The Committee would raise the issue of the diversity of the buildings concerned – in particular the diversity of housing to be renovated, ranging from individual houses to large soviet-era housing estates and working-class suburbs. In this great housing diversity, Eastern European housing blocks, very old houses from undervalued city centres, suburban housing and rural housing can be subject to specific prioritisation. In connection with the fact that the housing stock has become obsolete and requires renewal processes both to improve the quality of life of citizens and for building technical advancement, it is necessary to ensure access to financing for citizens as it is currently a major barrier for renovation. Similarly, accessibility for people with disabilities will have to be taken into account. The European Union also needs to seize this opportunity for large-scale action to get closer to its citizens and the areas in which they live by means of appropriate communication.

3.3 The Committee supports the proposed objective of doubling the annual energy renovation rate of residential and non-residential buildings by 2030, while spurring on deep energy renovations. This would amount to 35 million building units renovated by 2030, and this rate would be maintained in order to achieve EU-wide climate neutrality by 2050. Ideally, it should be possible to exceed this doubling target and move towards a tripling of the rate.

3.4 The Committee underlines the ambition of this objective, its 30-year projection, and the need for a thorough alignment of the existing legislative and regulatory provisions in this area and of the financial support mechanisms for the households concerned, social landlords, public authorities and other building owners concerned, all of which are potential investors to be persuaded to make long-term investments in line with their own rationale and capacities. This is evident from the efforts being made by Member States and their regional managing authorities to link up the NextGenerationEU recovery instrument and the 2021-2027 cohesion policy.

4. **Comments – Key principles for building renovation towards 2030 and 2050**

4.1 The Committee agrees with the need to adopt an encompassing and integrated strategy involving the stakeholders concerned on the basis of seven principles: energy efficiency first; affordability, decarbonisation and integration of renewables; lifecycle thinking and circularity; high health and environmental standards; tackling the twin challenges of the green and digital transitions; and, finally, respect for aesthetics and architectural quality.

4.2 In line with Principle 19 of the European Pillar of Social Rights, the Committee would stress the particular importance that should be given to the affordability of housing and of the investments to be made by the households concerned, whether they be owner-occupiers, tenants, or co-owners in a co-ownership in difficulty, particularly when it comes to poorly insulated buildings and combating energy poverty, but also on the part of social landlords whose rent levels fall under public service financial accessibility obligations imposed in accordance with the specific public service tasks assigned by the Member States.

4.3 The EESC points out that cavity wall and floor insulation are the most CO₂-saving measures, the simplest and the least costly. But even these relatively inexpensive measures are too expensive for many home owners, despite the lower energy costs they generate. That is why the EESC advocates that national governments make a subsidy scheme for these measures.

Calculations carried out in the Netherlands show that a subsidy of EUR 2 000 per home is sufficient to carry out these measures. In addition to the substantial CO₂ emission reduction, such a scheme also provides substantial employment in the construction sector badly affected by COVID-19. The same is true in France, thanks to the recent expansion to all households of the "MaPrimeRenov" allowance for energy-efficiency renovations to their homes.

4.4 The conclusions and recommendations from the EESC opinion on *Working with asbestos in energy renovation* are also to be followed in order to promote the removal of asbestos during energy renovation processes where needed and possible¹.

5. **Comments – Delivering faster and deeper renovation for better buildings**

5.1 The Committee agrees with the Commission's analysis of the multiple barriers to individual investment decisions and the complexity of access to financing, particularly at local level, which applies both to national schemes and to the Structural Funds, particularly in the project appraisal phase, but also in view of the delays in the payment of grants. This complexity and these shortcomings must be resolved as a matter of priority in order to achieve the objectives set, including in the context of the implementation from 2021 on of the provisions specific to the 2021-2027 cohesion policy.

5.2 The Committee takes note that the Commission has identified these obstacles in its public consultation and its proposals on strengthening information, legal certainty and incentives for investing, ensuring adequate and well-targeted funding, increasing the capacity to prepare and implement projects, promoting comprehensive and integrated renovations, making the construction ecosystem fit to deliver sustainable renovation and, finally, using renovation as a lever to address energy poverty and on promoting affordable housing through a specific European initiative. The implementation of these proposals should underpinned by the principles of simplicity, pre-establishing a blend of complementary financing that can be mobilised by public authorities, and proportionate State aid controls.

5.3 The Committee supports the Commission's proposal to task the European Building Stock Observatory with managing a European repository for data on energy performance and supporting the design of incentives in this area. That observatory will need to work together with the Energy Poverty Observatory, which needs to be revitalised at this point.

5.4 The Committee recognises the specific nature of the current situation regarding the potential mobilisation of European resources for energy-efficiency renovation under the NextGenerationEU recovery instrument, on the one hand, and the 2021-2027 cohesion policy on the other. There are no fewer than 13 schemes in existence to help co-finance renovations for energy efficiency, either by means of non-repayable subsidies or through long-term loans with preferential interest rates and public guarantees.

5.5 The Committee considers that this exceptional situation should lead the EU, in addition to setting quantitative renovation targets, to strengthen the Member States and their annual

¹ [OJ C 240, 16.7.2019, p. 15](#)

programmes for investment in energy-efficiency renovation, and to assess these programmes on an annual basis under the European semester, by establishing specific "green governance" alongside economic governance or under the open method of coordination.

- 5.6 The Committee considers that this unique situation should also be seized to tackle and eradicate energy poverty by making it a priority in mobilising financing. The remit of the European Energy Poverty Observatory should be stepped up, and this body should lead a European network of energy poverty observatories in the Member States.
- 5.7 However, the Committee would like to make the Commission aware of the difficulty faced by potential investors, in particular households and social landlords, in combining these different funding channels and in linking them to the various regulations, eligible bases and controls that apply. In view of the 2050 horizon, these schemes should be unified in order to make them clearer and more accessible to the households and public authorities they target.
- 5.8 Given the duration of the investment in question and the 2050 objective, and with a view to simplification and clarity for the European households concerned, the Committee suggests that the Commission explore the feasibility of a specific European Investment Bank (EIB) investment fund, which would provide technical assistance, blend the existing schemes and guarantee continuity up to 2050.
- 5.9 The Committee supports the Commission's initiative to revise the State aid schemes for energy-efficiency renovation investments along these lines. These State aid schemes for energy-efficiency renovation should be simplified so as not to constitute a barrier to investment decisions given their absolute necessity. The Committee also welcomes the Commission's decision to undertake an assessment during 2021 of Decision 2012/21/EU on State aid in the form of public service compensation. Support measures for energy-efficiency renovation of social housing fall within these rules applicable to the discharge of public service obligations.
- 5.10 The Committee supports the Commission's proposal to launch a European initiative for affordable housing by funding 100 innovative and participatory flagship projects focusing on the thorough renovation of social housing districts in order to serve as a model for a large-scale roll-out across the European Union. Given the capacity of social landlords to invest, in their capacity as services of general economic interest and with EIB support, the mass roll-out of projects and the industrialisation of building renovation schemes will not only create local jobs but will lead to a reduction in renovation costs for other housing and public buildings thanks to the establishment of new local industries.
- 5.11 The Committee proposes that the Commission, drawing on the experience of ELENA, and with the support of the EIB, encourage the Member States to set up a public technical support service for energy-efficiency renovations, particularly aimed at the households concerned, in order to prevent the abusive doorstep selling and fraudulent practices already observed in some Member States in connection with energy-efficiency renovation work.
- 5.12 The Committee fully supports the "New European Bauhaus" initiative launched by Ms von der Leyen in her State of the Union address and further elaborated in the communication, which will

bring together professionals from a range of disciplines to design the buildings of tomorrow and reinvent a sustainable way of life for the future. The Committee invites all stakeholders to take part in the public consultation launched by the Commission.

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Christa Schweng,
The president of the European Economic and Social Committee
