



Climate Alliance's response to EC Public Consultation on the Renovation Wave

Brussels, 8 June 2020

Climate Alliance welcomes the call for a European Renovation Wave to foster building renovation in Europe. Taking into account the diversity of the building stock and its renovation needs throughout Europe, it is key for the Renovation Wave to define instruments (regulatory and non-regulatory) that are targeted at the local level while at the same time contributing to meeting European (as defined in the EPBD and EED) and national (as defined in the NECPs) targets working towards a decarbonized building stock by 2050. A Renovation Wave therefore should provide effective support for local authorities to build the necessary capacities, establish the necessary (digital) infrastructure and facilitate the access to funding to support renovation. Climate Alliance recommends the following key elements for the Renovation Wave:

INCREASED AMBITION: RENOVATED BUILDING STOCK BY 2050

To make the Renovation Wave compatible with the Paris Agreement, intended deep renovation rates should increase significantly to reach a minimum of 3% per annum across Europe. Such a goal should be clearly fixed within the Renovation Wave. This translates into a consequent application of the Energy Efficiency First Principle across all policy priorities of the Renovation Wave.

FACILITATE ACCESS TO EU FUNDING FOR MUNICIPALITIES THROUGH A DEDICATED FINANCING TOOL

The Roadmap identifies investment needs of around € 325 billion annually. The planned allocation through existing funding schemes (Sustainable Europe Investment Plan, European Investment Bank loans, European Regional Development Fund, Cohesion Fund, Just Transition Fund) often provides significant barriers for municipalities, as these often lack the necessary in-house capacity and/or are not aware of the support they could receive.

The Renovation Wave therefore should promote the better use of existing funds and the reach-out at local level via financial instruments that provide easy access to funding and technical assistance to local authorities. An effective way of doing this is the creation of a dedicated fund - beyond any necessary regulatory and non-regulatory measures – able to create a market that can channel a significant

part of the EU's budget and the new Recovery and Resilience Facility for the renovation of buildings. In addition, often only large cities fulfil the requirements and have the technical capacity to apply for and adequately allocate EU funding to concrete initiatives. Equally, small or medium-sized municipalities are not generally aware of the existence of EU funding available to cities and regions and, when they do, they face significant challenges in digesting the size of EU funds because of limited administrative capacity and high workload. Such a dedicated financing tool should include tailored approaches for small or medium-sized municipalities, including tailored awareness raising campaigns and detailed guidance on where to find documentation and how to access the EU funds available.

EMPOWER MUNICIPALITIES TO STRENGTHEN THE LOCAL EFFECTIVENESS AND IMPLEMENTATION OF NATIONAL LONG-TERM RENOVATION STRATEGIES (LTRS)

In order to support demand in the housing sector, municipalities must be put in a central place in any public policy effort to ramp up renovation. This requires EU financial and technical support for the development of local renovation strategies and the continuous monitoring of progress indicators that will be used to link local renovation initiatives to policy and decision making processes at national level (LTRS). A multi-level indicator framework for building renovation is currently being developed in the context of the Horizon 2020 project **BUILD UPON²**.

Furthermore, coordination and monitoring of local renovation activities requires increased capacities for local authorities. This includes adequate number and training of staff, increased data availability and improved digital infrastructure to monitor progress indicators and effectively evaluate policy options. The Renovation Wave should ensure that municipalities are adequately equipped to meet these requirements. Such support can be provided in the form of technical assistance to municipalities similarly to the services provided by the **European City Facility**.

PROMOTE ONE-STOP-SHOPS (OSS) FOR BUILDING RENOVATION AT THE LOCAL AND REGIONAL LEVEL

Access to financing is a prerequisite for energy renovations, yet it is not sufficient on its own. Climate Alliance claims that regional and local OSSs are key elements for bringing together the demand and supply side for public and residential building renovation and include all stakeholders along the renovation value chain. One-Stop-Shops provide targeted support in a one-stop-solution for private home owners, and can do so for public building owners, which are often faced with a complex and fragmented renovation market. OSSs furthermore contribute to building capacity at the supply side (construction sector), through targeted training and capacity building, while strengthening local economies.

Successful OSSs already exist and are in place across Europe. Private households in Flanders, Belgium, receive technical and financial support in improving their homes' energy performance by so called Energy Houses, granting them 'Flemish Energy Loans'. In order to increase this number of private home renovation and accelerate energy refurbishment, the Horizon 2020 project **FALCO** has proposed a

new Energy Renovation Loan (ER 2.0) with higher maximum amounts to borrow, a longer maturity and a modular approach to advisory and support services to align assistance with needs. In addition, OSSs dedicated to home renovation services in the city of Padova (Italy), as well as piloting in the cities of Timisoara (Romania) and Smolyan and Vidin (Bulgaria) are currently being developed in the Horizon 2020 project **PadovaFIT Expanded**.

ALLEVIATING ENERGY POVERTY

Within its long-term transition to an ecologically sustainable and a climate-neutral economy, the EU sets the priority to secure the supply of clean, affordable and secure energy to all EU citizens and households. However, around 50 million people in the EU are currently affected by energy poverty, meaning not being able to afford essential energy services. To this end, the 'Renovation Wave' is identified as a win-win solution to foster energy efficiency, promote green urban finance and ensure affordable energy to consumers affected by energy poverty. Two European cities, Litoměřice and Essen, are piloting measures to facilitate co-ownership of renewable energy for consumers and therefore alleviate energy poverty, via the Horizon 2020 project **SCORE**. The Renovation Wave should promote a combination of activities including financing, awareness raising and appropriate data collection at local level in order to alleviate energy poverty.

PROTECTION OF NATURAL RESOURCES

The required large-scale renovation across Europe requires enormous resources to provide materials needed for energy efficient renovation. Through dedicated financing incentives the Renovation Wave should promote the use of locally recycled and/or natural and locally produced materials that can be reintegrated without great effort in the cycle of matter.

CONTACTS

Jonas Rönnefarth

Silvia Nanni

Project Managers, Climate Alliance

+49 69 717 139 -38 | j.roennefarth@climatealliance.org

+32 2 400 1061 | s.nanni@climatealliance.org

THE CLIMATE ALLIANCE

For 30 years, Climate Alliance member municipalities have been acting in partnership with indigenous rainforest peoples for the benefit of the global climate. With over 1,800 members spread across 27 European countries, Climate Alliance is the world's largest city network dedicated to climate action and the only one to set tangible targets: each member city, town and district has committed itself to reducing greenhouse gas emissions by ten percent every five years. Recognising the impact our lifestyles can have on the world's most vulnerable people and places, Climate Alliance pairs local action with global responsibility. climatealliance.org