

A Renovation Wave Initiative for public and private buildings – Roadmap Call for Feedback by 8th June 2020

This Paper sets out the initial EuroACE views in the framework of the stakeholder feedback sought by the European Commission by 8th June on its Roadmap on the Renovation Wave. A more detailed and extensive response will be published in the framework of the upcoming Public Consultation on the topic.

1. An accurate understanding of barriers, a good description of benefits and a valuable move towards a holistic approach to renovation

EuroACE welcomes the Commission **focus on the renovation** of existing buildings and the goal to increase the renovation rates. However, the description of the current situation includes some data which should be corrected - 90% of buildings standing today will still be standing 2050 and 97% of buildings today are inefficient (according to a 2017 [BPIE study](#)).



EuroACE also welcomes that the Roadmap lists the **multiple positive impacts (benefits)** of energy renovation of buildings. This recognition needs to go further by integrating other benefits, such as a good indoor climate, taking into consideration factors such as air, humidity, heat, (day-)light, or noise. The Commission should ensure that those benefits are **not only described, but really understood** by stakeholders and building occupants to drive demand for good quality building renovation. This would also be an opportunity to approach renovation from different perspectives which matter to people.

The Roadmap is an **accurate description of some well-known barriers** to building renovation. What is missing in the listing of barriers is the **lack of visibility over regulatory milestones**, which is preventing not only homeowners but also the entire value chain, to anticipate and plan renovation. The move towards a **more holistic approach to renovation** is laudable. At EuroACE, we have always advocated for an integrated use of all technologies and materials to achieve the highest energy savings potential in renovated buildings, while ensuring an improved comfort. Therefore, we welcome the adoption of an *'integrated approach across policy areas'* to break silos and achieve better results. However, we invite the Commission to **keep the 'Energy Efficiency First' principle at the centre**.

2. An insufficient ambition and strategic approach

Despite a good analysis of barriers and benefits, EuroACE finds that the Roadmap is **insufficiently ambitious** when it comes to setting the objective to be met. The renovation market needs a clear horizon, which is to achieve a *'highly energy efficient and decarbonised building stock by 2050'*. This translates into a **tripling, not doubling, of the current annual renovation rate in the EU**. Only with this ambition would buildings be able to deliver their part in the decarbonisation pathways to achieve climate neutrality by 2050. Moreover, EuroACE finds that **more emphasis** should be given in the Roadmap on what the Commission intends to do

to not only increase the renovation activity (i.e. the rate), but also **how to address the quality of the works** (i.e. making sure renovations are deep or staged-deep, what we call '2050 compatible').

Overall, EuroACE finds that the Roadmap remains a **very descriptive document**. The Renovation Wave, rather than listing barriers and enablers, should be **more strategic** in identifying the **missing links in the building renovation ecosystem**, and should be **more concrete** in identifying which measures and policies are to be given priority so as to achieve the greatest impact. In fact, several of the barriers identified have been studied for many years, and many projects throughout Europe, have found good solutions. What is needed now is a strategic work of **identifying those solutions, as well as their success factors, replicability potential** and ways to accelerate and sustain them. It will also be crucial to **bundle solutions together in a package**, breaking silos between 'financial', 'regulatory' and 'enabling' measures.



3. Scaling up solutions and structuring the renovation ecosystem to give it a strategic boost

EuroACE would like to highlight the **crucial importance of a strong regulatory framework** to get the renovation market going. Whether it is based on a segments approach or an area-based approach at (a very) local level, renovation needs to be much more strongly '**pushed**' *via policies at EU and national level*. In that context, EuroACE would first like to recall that a **thorough implementation** of the Energy Performance of Buildings Directive is key. It is worrying that almost three months after the deadline, only less than a third of Member States have submitted their **Long-Term Renovation Strategies (LTRS)**. This is even more worrying as LTRS should be recognised as a strategic part of National Energy & Climate Plans (NECPs), which form **the basis for the Recovery & Resilience Plans**. Therefore, NECPs and LTRS should be analysed together.

Second, EuroACE would like to highlight that the introduction of **Minimum Energy Performance Standards** to phase out worst performing buildings from the rental market, based on nationally defined Trigger Points, would deserve more attention and regulatory ambition in the Renovation Wave (for more information, see below in the 'additional resources' box, our response to the consultation on Mandatory Minimum Requirements). This also means that the Renovation Wave should **evaluate whether a review of the Energy Performance of Buildings Directive might be needed before the set revision date**.

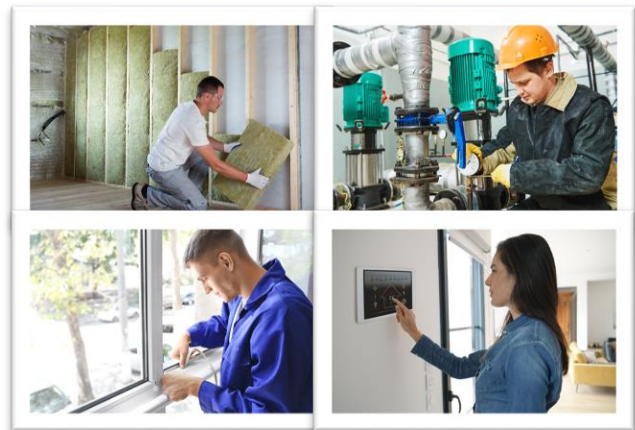


To flourish, the renovation sector also needs, besides a strong regulatory framework, **well-defined 'pull' factors** (financing, advice and support services, aggregators, and coordinators), to make renovation attractive and easy for Europeans. Here again, several areas of work need to be strengthened in the upcoming Renovation Wave:

- The development of **Building Renovation Passports**, which could, according to a [BPIE study](#), be rolled out in all Member States with €1.3bn per year. BRPs address several barriers to renovation at the same time and avoid a lock-in effect;

- The deployment of **advisory services, or one-stop-shops**, which should not only be multiplied but whose business model should also be made more sustainable. This would make the renovation journey more consumer centric, and help structure and mobilise local value chains (currently, only 5 to 7% of SMEs have the needed skills to cope with multi-task renovation packages, according to the [INNOVATE project](#));
- The **involvement of stakeholders** (industries, local authorities, banks, professional federations, consumer organisations, etc.), into *Open Platforms for Renovation*, which were announced in the Green Deal Communication but seem to have disappeared in this Roadmap, remains key to roll out renovation projects in partnership with national authorities.

Overall, whether for the regulatory framework, the financing aspects, or the enabling conditions, EuroACE finds that the Renovation Wave would benefit from a **more granular approach**, i.e. assessing the specific needs based on the building segment, ownership structure, and consumer profile. Such a typology would help drafting measures which are more suitable and ensure a better take up on the market. EuroACE also calls the Commission to make sure **all segments of the building stock are addressed (residential and non-residential)**, and that specific measurable milestones are set for each segment so as to achieve the overarching goal of a highly energy efficient and decarbonised building stock by 2050. The milestones are essential, should be part of LTRS, and should drive policy design and setup of financing tools in each segment. As for **public buildings** (not only schools and hospitals), they should indeed all lead by example, thus requirements should be strengthened, which implies a revision of the Article 5 of the Energy Efficiency Directive.



4. Putting the money where the mouth is: the Renovation Wave as basis for a Green Recovery

Although it is clear that having been able to assess all national LTRS would have given an important basis for drafting the Renovation Wave, the Commission should not be hampered by a lack of data in some areas to act and to **propose additional measures** in the renovation sector. EuroACE is glad to see that the Renovation Wave initiative seems still planned for the second half of September and is **not being delayed**. This is especially **crucial in the current context of economic recovery**, in which the construction and renovation sector should play an important role to create local jobs.

The Commission states that building renovation is a key pillar of the green recovery from the economic crisis induced by the COVID-19 situation, and recognises an annual €185bn investment gap, but it is unclear how the Renovation Wave, as currently presented, should form a solid basis for it, especially considering that much room for manoeuvre is left to the Member States. EuroACE is **deeply disappointed to not see a specific Renovation Fund** in the *Next Generation EU*.



With a **scattered approach to financing building renovation**, and even if the Commission issues strong guidance to Member States to direct a large part of the funds available (under the Recovery & Resilience Facility, the REACT-EU as well as InvestEU), to renovation of buildings, **it will be difficult to increase renovation activity at the scale and speed needed**. Having a dedicated Renovation Fund would make it easier to create, plan and finance project pipelines and this would give the right means to roll out the Renovation Wave.

The current context makes the **creation or reinforcement of the mission of national, regional and/or local agencies, or equivalent bodies, in each Member State**, even more important to facilitate and coordinate national, regional and local actions, remove regulatory and non-regulatory barriers, develop a project pipeline to benefit from the EU level Renovation Fund, and oversee the accelerated implementation of deep energy renovation in each countries.

Finally, EuroACE wants to underline that regarding financing, the issue is not only the volume of financing available, but also to the kind of activities which are funded. In this matter, it is key that enough funding underpinning the Renovation Wave goes to **Technical Assistance** to ensure **sufficient absorption** of the available financing as well as the creation of **multiple project pipelines**. Therefore, **upskilling the workforce** needs to take place **all along the value chain**, from designers and architects, to engineers and on-site workers, but also in banks or coordinators of renovation works.

Additional Resources

- Renovate Europe, [Making the Renovation Wave A Success: 10 Elements for Success](#), April 2020
- EuroACE, [Feedback](#) on the Energy Taxation Directive, 1st April 2020
- EuroACE, [Response](#) to the Consultation on Mandatory Minimum Requirements, 8th May 2020
- [EuroACE Webinar Series on the Renovation Wave](#)
 - * Where to start and how to spread it? Segments vs. area-based approach, [26th March 2020](#)
 - * Financing the Renovation Wave, [31st March 2020](#)
 - * The Renovation Ecosystem: policies & measures and links to other EU initiatives, [3rd April 2020](#)
 - * Aggregation of projects in an area-based approach, [29th April](#)
 - * One-Stop-Shops, [20th May](#)
 - * How businesses get prepared for the Renovation Wave, [4th June](#)

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For further information

Adrian JOYCE, Secretary General

+32 (0) 2 639 10 10

adrian.joyce@euroace.org

www.euroace.org

About EuroACE

EuroACE represents Europe's leading companies involved with the manufacture, distribution and installation of energy saving goods and services for buildings. EuroACE members employ more than 200,000 people in these activities in Europe and have around 1,000 production facilities and office locations. The mission of EuroACE is to work together with the EU institutions to help Europe move towards a more efficient use of energy in buildings, thereby contributing to Europe's commitments on climate change, energy security and economic growth.

EuroACE Members (2020)

