

The Renovation Wave – Energy Cities Expectations

The Context

The Renovation Wave strategy is a key pillar under the European Green Deal. If well designed and coupled with enforcement of existing legislation, this strategy can trigger a massive upgrade of buildings across the continent. It will serve as anchor for the EU's long-term transition towards a sustainable, resilient and climate-neutral continent, and also play a key role in delivering a locally driven social and economic recovery from the ongoing COVID-19 crisis.

Currently, cities across Europe are carrying out ambitious renovation programmes with all key actors of the building ecosystem. Together they create local jobs, pull low-income households out of energy poverty and embark citizens in the local energy transition. **However, cities cannot achieve the monumental task of “at least doubling” the current renovation rate (less than 1%) on their own.** Their initiatives need to be massively supported in order to kick-start a locally driven renovation wave. The COVID-19 crisis illustrates that while its impacts are felt locally first, **it is also the local level that has to “repair and prepare for the next generation”.** This should also be the overarching motto for the Renovation Wave strategy.

The Problem

Policies to promote building renovation have already been ambitious in the past, but haven't delivered yet their full potential. This is because they often didn't look beyond our four walls and considered the crucial interplay between buildings and their surrounding areas. We need to recognize that buildings are part of a dynamic local ecosystem of intermixed buildings, businesses, energy and people. By incorporating all of those elements into a district-level approach, we can significantly upscale the renovation rate, create sustainable local jobs, reduce emissions and increase the comfort and health of European citizens at home, work and school.

The Solution

By adopting a district-level approach for the Renovation Wave, we can assess the assets and needs on a broader area and tap into the full renovation potential. At the same time, we need a broad array of tools to motivate and enforce change in different kinds of buildings, building owners and occupants, public and private. But any regulatory and non-regulatory instrument is only useful if it can be wielded effectively by local authorities. **That is why the Renovation Wave must couple the district-level approach with a significant effort to build the capacity, knowledge and financial firepower in Europe's cities.**

Buoyed by their on-the-ground experiences and involvement in EU-funded renovation projects –[Horizon 2020 INNOVATE for one-stop-shops](#), [INTERREG NWE ACE-Retrofitting for condominiums](#), and [INTERREG MED community for efficient public buildings in the Mediterranean](#), Energy Cities has defined these policy recommendations for the Renovation Wave strategy:

- **Use district-level renovation plans to strategically link renovation with the larger energy transition**

A Renovation Wave strategy anchored in city district-level renovation plans will harness renovation speed, scale and fairness to meet recovery needs, while speeding up the larger energy transition. This is because district-level renovation plans enable to identify both “quick-win” and long-term renovation projects with optimal cost-efficiency and cross-sectorial benefits. By considering the district level, e.g. in an area with significant industry generating excess heat, city planners would rather invest in a district heating network for surrounding residences, than promoting individual heat pumps to replace gas boilers. Also, once buildings are renovated, they become ideal locations for community renewable energy projects, and can provide e.g. renewable electricity through PV to neighboring houses that otherwise are not suited for PV. Even if these houses were suited, this is a more efficient way of generating power with one large, local installation compared to several smaller ones.

- **Incentivize massive deployment of one-stop-shops as key local vectors for residential buildings**

Social housing, schools and various municipal buildings tend to be the first starting points in triggering a Renovation Wave in a district-level approach: they usually have a single owner, access to administrative support and be larger, more standardized buildings. However, all building types need to be addressed if we want to significantly upgrade the EU building stock. Privately owned residential buildings, with their mixture of owners and tenants, different cost structures, building diversity and planning processes, also need to be effectively tackled. For this, the massive deployment of one-stop-shops in cities, with their renovation packages for homeowners and tenants, will be essential. One-stop shops coordinated by cities play key roles in ensuring a high-quality supply chain for renovations: at the stages of assessing the building; advising on the measures to be carried out in a holistic, long-term renovation plan; choosing companies and coordinating the renovations; taking delivery of the work; and monitoring energy savings delivered. These synergies between cities and all stakeholders of the buildings ecosystem need to be fully exploited to increase their local renovation impact. In this regard, common, transparent platforms involving all building stakeholders are vital in effectively matching renovation demand and supply, and also in supporting the overall renovation decision-making process of citizens. Furthermore, the upscaling of one-stop-shops can be facilitated at EU-level by clarifying, through revised State Aid rules, the different State Aid-compatible options for cities to support high quality renovation of residential buildings.

- **Address the skills gap by prioritizing capacity-building at the local level**

A district-level renovation plan can only work in cities equipped with the necessary skills, capacity and knowledge to plan and coordinate such an effort. This requires firstly for cities to have increased data availability for all types of public buildings and private buildings (including condominiums), so as to best assess needs and available policy options, and monitor performance improvements. In this regard, the role of national and EU building registries and observatories is critical. Furthermore, Energy Performance Certificates should also become a more reliable and transparent instrument to better support renovation decision-making processes, and further be incorporated into building renovation passports. Building renovation passports and energy audits should also follow a common European framework. Moreover, a European standard for green building training programmes and certification should be set to specifically address the skills gap in cities. Oftentimes, an energy expert within a city administration lacks the know-how to properly evaluate the priorities of interventions and corresponding cost-benefit analyses. Through these key capacity-building measures at the local level, peer-to-peer learning as well as comparability between cities can be facilitated in planning and coordinating their district-level renovation plans.

- **Establish a European Renovation Financing Facility to increase cities' financial renovation firepower**

Alongside the right capacity and knowledge, cities also need to be provided with massive financing. A European Renovation Financing Facility should be established to boost cities' investments. Considering the crucial importance in rapidly designing (deep renovation) projects aggregating demand and incorporating the required local energy system changes in a district-level renovation approach, the Facility should firstly enable direct access of cities to EU grant financing. Alongside this grant financing, cities should also be allowed access to financing and refinancing products that can be blended with grant financing to cover longer-term investments that go beyond the immediate recovery. The Facility should also bridge the gaps between the upfront cost of renovation and how to leverage its benefits equally, including the non-monetary ones. This should be done by supporting cities in aggregating projects from promoters and households (e.g. by commercial banks, ESCOs etc.), through public guarantees to increase trust from financial intermediaries by covering the first lost piece of a loan, and grants to close the gap between social and private returns. Finally, the Facility should also be complemented with a technical assistance building block, which should build on the experience of the European City Facility. It would support cities with funding to developing district-level renovation investment concepts, run and scale up pilots as well as cover other critical costs, such as e.g. costs of energy audits.

Further reading including best practice local examples

[Horizon 2020 INNOVATE project: Policy recommendations on how to boost one-stop-shops for integrated home energy renovation in the EU](#)

http://www.financingbuildingrenovation.eu/wp-content/uploads/2020/05/One-stop-shops_policy_recommendations_Innovate_draft_20.05.2020.pdf

[INTERREG NWE ACE-Retrofitting project: Policy recommendations on how to boost energy retrofits in condominiums](#)

https://www.nweurope.eu/media/10467/guide_ace_recommendations_en_web.pdf

[INTERREG MED community for efficient public buildings in the Mediterranean: Policy recommendations for a Mediterranean building renovation programme](#)

<https://energy-cities.eu/wp-content/uploads/2020/05/EBC-Policy-recommendations-for-a-Mediterranean-building-renovation-programme.pdf>