

DELIVERING THE EU BUILDINGS DIRECTIVE A DEEP DIVE INTO ENABLERS

Main takeaways briefing



INTRODUCTION

2025 is a foundational year for the transition in the built environment. While Member States are gradually transposing the Energy Performance of Buildings Directive (EPBD) and drafting their National Building Renovation Plans (NBRPs), the European Union (EU) is increasingly mobilising financial resources to support the delivery of sustainable and affordable housing. This effort is particularly evident in relation to the new Energy & Housing mandate of the European Commissioner, Dan Jorgensen. To ensure a climate-ambitious and socially fair implementation of the Directive at national level, the local level and action on the ground become even more essential, as well as the presence of not only adequate and well-targeted financing for energy renovation but also robust technical assistance mechanisms in place.

Housing remains a central issue in the transition towards a decarbonised built environment. Solutions that address both the housing crisis and carbon emissions from buildings are crucial, given that buildings account for approximately 40% of the total energy demand in the EU and contribute to 36% of CO₂ emissions. More than 220 million building units, or 85% of the EU's building stock, were constructed before 2001. Additionally, 85-95% of buildings standing today will still be in use by 2050, yet 75% of the current building stock is classified as energy inefficient. This inefficiency not only exacerbates the EU's carbon footprint but also disproportionately impacts vulnerable populations, increasing rates of energy poverty and leading to substandard living conditions. Furthermore, research indicates that energy renovation is both more cost-effective and environmentally sustainable than new construction, underscoring the necessity of enabling large-scale renovations, particularly for low-income and marginalised communities.

The public workshop **Delivering the EU Buildings Directive: A Deep Dive into Enablers**, organised by Eurocities, Climate Action Network Europe and the European Consumers Organisation, focused on two critical dimensions necessary for the successful implementation of the EPBD: financing and technical assistance. As these two dimensions and their strengthening will heavily rely on a strong cooperation and consistency between different governance levels and stakeholders, the workshop gathered insight from EU institutions and national and local actors to not only explain the provisions related to these two important elements, but also to exchange on the role of the climate and social movement to create an enabling framework that is ambitious and inclusive when it comes to support the delivery of the EPBD. This briefing aims to highlight the key takeaways from the workshop and pinpoints recommendations spurring from the different inputs.

ENABLING THE DELIVERY OF THE EPBD THROUGH FINANCING SCHEMES

A. The RRF and the EIB : Overview and notable examples

The Recovery and Resilience Facility is a temporary (in force until 2026) yet a centerpiece of the NextGenerationEU, which is the EU's plan to emerge stronger and more resilient from the COVID-19 crisis. The RRF aimed at supporting ambitious investments and reforms that make Member States' economies and societies more sustainable and resilient and prepared them for the green and digital transitions, in line with the EU priorities. It also addresses the challenges identified in country-specific recommendations under the European Semester framework of economic and social policy coordination.

The RRF allocates €85 billion to energy efficiency in buildings. Of this, €49 billion (58%) is dedicated to renovating existing buildings, including public infrastructure, with required energy savings of at least 30% (medium-depth renovation) and, in some cases, 60% (deep renovation). Regarding new construction projects, the RRF supports the construction of highly energy-efficient new buildings, requiring a 20% lower primary energy demand than national nearly zero-energy building (NZEB) standards.

As financial incentives alone are not enough to drive large-scale energy efficiency improvements, the RRF goes beyond investments, providing technical assistance focusing on long-term structural reforms aimed at sustaining energy efficiency efforts beyond its funding period.

The RRF allocates €85 billion to energy efficiency in buildings. Of this, €49 billion (58%) is dedicated to **renovating existing buildings**, including public infrastructure, with required **energy savings of at least 30%** (medium-depth renovation) and, in some cases, **60% (deep renovation)**. Regarding new construction projects, **the RRF supports the construction of highly energy-efficient new buildings**, requiring a **20% lower primary energy demand** than national nearly zero-energy building (NZEB) standards.

As financial incentives alone are not enough to drive large-scale energy efficiency improvements, the RRF goes beyond investments, providing technical assistance focusing on long-term structural reforms aimed at sustaining energy efficiency efforts beyond its funding period.

Notable examples of National Programs from the RRF

Flagship initiatives using RRF financing

Direct support for vulnerable households
Greece



Voucher schemes for home renovations
Romania



Public building energy upgrades
Czechia & Belgium



Reforms Complementing Investments

Streamlining the Building Permit Process
Strengthen Public Investment in Energy Efficiency
Implementing NZEB Guidelines
Romania



Strengthening Cooperation Among Stakeholders
Creating a Network of OSS Across Portugal
Training Personnel to Support Citizens Effectively
Portugal



Amendment of the Horizontal Property Law
New Loan Guarantee Line to Improve Financing Access
Spain



In 2023, the EIB's total lending operations amounted to approximately **€89 billion**. Of this, around **€21 billion (one-fourth of total lending)** was dedicated to energy-related projects. Within that, **40% (€8.4 billion)** was specifically allocated to energy efficiency initiatives. However, **the residential buildings sector received a relatively small share, with only €2 billion** dedicated to financing improvements in this area. The majority of the EIB's energy efficiency funding was directed toward public and non-residential buildings, highlighting the need for stronger investment strategies in the residential sector.

The EIB's activities in the residential sector are relatively limited but include **both direct lending and intermediate lending**. Direct loans are provided to municipalities with social housing stock and to affordable housing operators. In contrast, intermediated lending involves working through commercial banks, which then distribute financing to final customers. This approach ensures that customers benefit from **better loan terms**, such as lower interest rates and extended repayment periods.

B. On the ground insights from Spain

Asufin is a Spanish consumer association that has presented [their latest study](#) on green mortgages highlighting a persistent challenge: despite growing sustainability discussions, financial incentives remain the key motivator for homeowners investing in energy-efficient housing. However, their data shows that green mortgages in Spain are consistently **more expensive** than traditional ones, with interest rates averaging **3.38% in 2023**, exceeding both Euribor-linked variable rates and standard mortgages. This contradicts the idea that green financing should encourage sustainable investments.

Spain's housing market structure adds complexity. With the **majority of homes being privately owned**, and limited public housing, financing private renovations remains crucial. The **Recovery and Resilience Plan** has provided public funding for energy efficiency, but without competitive pricing from financial institutions, green mortgages fail to serve as a real incentive. This underscores a broader lesson from past frameworks—**financial incentives must be designed in line with the current climate commitments, and provide true accessibility and alignment with people's actual financial capacities**.

Take-Home Messages:

- **The RRF is a Key but Temporary Instrument** With €85 billion allocated to energy efficiency, the Recovery and Resilience Facility (RRF) plays a crucial role in financing renovations but will expire in 2026.
- **Financial Incentives Alone Are Insufficient** While funding is essential, the RRF also provides technical assistance and structural reforms, ensuring long-term energy efficiency improvements.
- **Need for Stronger Residential Investment Strategies** – While the EIB is a key lender for public buildings, its residential sector funding remains limited, signaling the need for increased investment and tailored financing solutions.

ENABLING THE DELIVERY OF THE EPBD THROUGH TECHNICAL ASSISTANCE

A. Mobilising cities for a strong EPBD enabling

Cities play a crucial role in **National Building Renovation Plans**, as their involvement helps align policies with **local needs and conditions**. Expanding their participation allows for more effective **planning and implementation** of energy efficiency initiatives. **Strengthening local capacity** is also essential, particularly through **investments in workforce training** to support large-scale renovation efforts. Additionally, ensuring access to **transparent, non-commercial data** facilitates **informed decision-making** in urban development and energy transition projects. **Financial incentives** remain an important factor in making renovations **feasible and accessible** for both **residents and businesses**.

Addressing **social disparities** in building renovation requires a focus on the **most inefficient buildings**, which are often home to **energy-poor residents**. Providing **targeted grants and tax incentives** can enhance **energy efficiency** while integrating **social safeguards** to protect **vulnerable groups**. **Local governments** contribute to both **immediate and long-term solutions** by offering **tailored support for low-income households** and implementing **standardised renovation strategies** to improve **cost efficiency**, particularly in **densely populated areas**.

B. Learning from best practices on the ground



The **Opengela Project** in Bilbao is a **One-Stop-Shop (OSS) initiative** aimed at renovating **aging, energy-inefficient housing** in socioeconomically deprived neighborhoods. With Bilbao managing over **4,200 public dwellings**, many built in the early 20th century, large-scale renovations are urgently needed. The project **leverages public ownership** to overcome legal barriers that often delay energy efficiency upgrades in privately owned buildings. It integrates **energy efficiency measures** (thermal insulation, solar panels) with **accessibility improvements** (lifts, expanded balconies), enhancing both sustainability and residents' quality of life. **Community engagement** is central to the process, ensuring trust, participation, and approval for renovations. Funded by **EU and regional sources**, Opengela demonstrates how structured financial backing, innovative legal frameworks, and strong local coordination can drive effective large-scale housing transformations.

Take-Home Messages:

- **One-Stop Shops (OSS) may simplify complex processes** – Centralized services can provide residents with clear guidance, reducing confusion and delays, all the while and fostering community consensus for successful large-scale renovations.
- **Community trust and engagement are essential** – Active involvement ensures greater approval rates and smoother implementation.
- **Renovation must be inclusive** – Tailoring projects to vulnerable residents, elderly populations, and low-income groups ensures equity.
- **As mandated under Article 3, of the recast EPBD it is essential that Member States ensure that cities are consulted on the National Building Renovation Plans, before being submitted to the European Commission by December 2025.**



The **Łódź Revitalisation Programme** began with the **City of Tenement** initiative (2011-2016), focusing on **technical upgrades** like infrastructure modernization and central heating, but lacking social considerations. In **2016**, a citywide **diagnostic study** identified **20 priority zones** based on unemployment, poverty, education, and safety issues. Due to funding constraints, **8 key areas** were selected for intervention.

From **2017 to 2024**, **revitalisation efforts** have targeted these areas, with work nearing completion and plans for a **9th project** underway. The programme's scale required the **relocation of 1,000 families**, leading to the creation of a **comprehensive relocation model** to ensure fairness and minimize disruption. The initiative integrates **urban renewal with social support**, aiming to improve both **housing conditions and community well-being**. To support the large-scale relocation of **1,000 families**, **Łódź** developed an **Innovative Relocation Model**, ensuring a structured, transparent, and community-driven transition process. Key roles were introduced to facilitate smooth relocations, including **Mediators**, who assist residents directly, **Local Committee Organizers**, who promote **community engagement**, and **Area Hosts**, who oversee relocations and address residents' concerns.

Recognizing that relocation extends beyond housing, the city launched **comprehensive social support programs** to help residents **rebuild stability**. These initiatives **provide employment assistance, debt management support, and access to essential social services**. Additionally, they streamline **administrative tasks**, such as **address changes, school enrollments, and medical provider transitions**, ensuring minimal disruption. **Debt relief programs** further ease financial burdens, particularly for **vulnerable families**, promoting a **more inclusive and socially responsible revitalisation process**.

Take-Home Messages

- **Revitalisation is more than physical renovation** – It must integrate social, economic, and community development.
- **Targeted revitalisation maximizes impact** – The city identified priority zones using data-driven diagnostics on unemployment, poverty, and education levels.
- **Relocation must be fair and structured** – A well-planned relocation model prevents disruption and displacement.

CONCLUSIONS

If the EU is really serious about delivering a socially just and ambitious EPBD, the work around its enabling framework will need to stay central throughout its transposition at national level and beyond. To ensure adequate and well-targeted EU funds and more targeted (and deep) renovations, especially in support of vulnerable groups, future programmes and initiatives—starting with National Building Renovation Plans—must have the engagement of the local level as a precondition of success.

The experience of the Recovery and Resilience Facility, and the substantial financial envelope successfully channelled into energy efficiency in buildings, has taught us that to efficiently implement EU funds, work on reforms and other elements, like technical assistance and capacity building to increase their absorption rate on the ground is of paramount importance. Also, as a significant investment gap is found in private investment on energy renovation of buildings, it will also be crucial to work on the accessibility levels of private financial instruments, by namely using public money to create guarantees and other pre-financing mechanisms that can support absorption of the latter within vulnerable communities while increasing the competitiveness levels of green financial instruments. This learning is particularly important in national contexts where the portion of property owners/owner occupiers is greater, such as the case of Spain, as Asofin highlighted, although it should not be limited to these instances.

When it comes to sub-national actors, allocation of funding and design of supporting measures that can increase their absorption and the roll out of integrated renovation strategies, should be highly supported and enabled. Cities and local entities are the closest to the people, thus the quickest and best placed to target the needs and capacities of the population when it comes to rolling out the Renovation Wave. The establishment of one-stop shops, especially in areas where vulnerable households live, as the examples of Bilbao and Łódź taught us, can upscale and widen renovation projects, while keeping a strong focus on the needs of the most vulnerable households and multiplying the linked multiple benefits for them and their surroundings. Integrated energy renovations projects, thanks to the overseeing role of one-stop shops and/or direct role of cities, can in fact transform into full revitalisation projects that boost community development and strengthen trust and engagement of the households most in need while always being inclusive and respectful of the residents and existing infrastructures.

In light of the above and the findings brought forward by our experts and speakers, it is important to highlight that to ensure that text of the EPBD brings real life benefits to the people, work on financing and absorption measures should stay at the core of its transposition process, which will need to be strengthened by equally strong regulatory tools. In view of the importance of delivering affordable and adequate housing, renovations will have a crucial role by decreasing operational costs while delivering healthy homes to all residents, especially those most vulnerable ones who are already heavily affected.