



**BUILDINGS
PERFORMANCE
INSTITUTE
EUROPE**

Photo by Moritise
Wormo on Unsplash

BUILDINGS SHOULD BE AT THE HEART OF THE EUROPEAN GREEN DEAL. HERE'S WHY

Discussion Paper

The European Green Deal must be done for and with citizens; it must respond to the concerns of Europeans to fight climate change, decrease social inequality and secure the affordability of housing

The European Green Deal (EGD) offers the opportunity to create a carbon-neutral Europe, a fairer society and a reinvigorated industrial powerhouse. Europe's citizens must be at its heart – and nowhere is this more apparent than in the buildings sector. Buildings are where we spend most of our time, and much of our money: for those who can afford it, buying a house is likely to be the biggest investment of a lifetime.

Making our buildings climate-proof is not only about reducing the 36% of CO₂ emissions they are responsible for, but about doing so while caring for the people that live in them. That's why the transformation of the buildings sector must have a prominent role in the EGD. We need to transform our buildings and cities in response to the climate emergency just [declared by](#)

[the European Parliament](#) and ensure they are resilient to climate change impacts – but we also need to ensure that the decarbonisation of the sector benefits European citizens and keeps housing affordable.

Delivering a zero-carbon buildings stock will require significant changes in the way the construction industry provides services and solutions. We also need new mechanisms to trigger investments in building upgrades. The EGD must make it clear that the built environment is a priority infrastructure for Europe. This would accelerate the shift to a decentralised, highly efficient, interconnected and decarbonised energy system.

The EGD should therefore include these seven principles:



1 THE RIGHT TO HEALTHY AND SUSTAINABLE BUILDINGS FOR ALL CITIZENS

The EGD must recognise the right to live, work, play and rest in healthy, highly efficient and renewables-powered buildings which are fit for purpose. Damp and draughty homes, schools and offices without air quality guarantees and hospitals without active all-season temperature management must become a

thing of the past. A commitment to renovate at least 3% of the European building stock per year is necessary to transform the 97% of all European buildings that are currently not fit for a zero-carbon future.



2 A JUST TRANSITION TO A ZERO-CARBON BUILDING STOCK

Transforming our building stock must be an inclusive process that protects the rights of vulnerable citizens. Social mechanisms and new financing models need to ensure that renovation policies don't lead to tenants being priced out of their home due to rent increases, or homeowners being unable to afford the

necessary improvements. Fair renovation models will not only increase the societal value of our living environment but will also provide new economic opportunities for regions and industries which are going through structural transformation as they phase out carbon-intensive value chains.

3

INNOVATION IN THE BUILDINGS SECTOR

The construction industry already generates nearly 10% of Europe's GDP, but significant increases in renovation rates will require the sector to at least triple its productivity and radically innovate its service offers. Only with a faster uptake of digital tools and offsite production will the industry be able to offer highly skilled jobs while supplying renovation solutions which are

fast, effective and circular. A European initiative to increase skills, productivity and innovation in the buildings and construction sector has great economic potential and will create many new jobs all over Europe, including in regions undergoing structural transformation.

4

POLICIES TO TRIGGER INVESTMENT IN RENOVATION

Tripling investments in energy efficient building upgrades within five years should be a central component of the EGD. The newly announced European Investment Bank (EIB) initiative for renovation and the current Multiannual Financial Framework (MFF) discussion provide opportunities to set standards on

spending public funds to leverage private investment. New policies and rules should help pool and aggregate renovation projects so they interest large investors. EU emissions trading system (ETS) revenues could support financial de-risking mechanisms to foster building renovation.

5

INVESTING IN RESILIENCE AND ADAPTATION

Climate change impacts and extreme weather such as floods, high wind speeds and heatwaves are already causing significant damage to our buildings. The EU estimates that climate change-related damage to infrastructure could grow tenfold under a

business-as-usual scenario.¹ The EGD should ensure a strong link between adaptation and mitigation in the buildings sector, creating specific incentives for investments that achieve both objectives.

6

ZERO-CARBON SPATIAL PLANNING

While Europe has a relatively low new building rate, dynamic developments in new or converted building sites in many regions and cities provide the opportunity to create zero-carbon

buildings and districts. The EGD should include a principle that all new or converted building developments must be zero-carbon. Many lighthouse projects around Europe show the way.

7

RE-EVALUATING SUSTAINABLE BUILDING INVESTMENTS

The standard cost-benefit analysis of energy renovations and building upgrades gives a distorted picture, as it fails to account for the numerous societal benefits – from improved health and wellbeing to increased productivity. These benefits are hard to measure, being dispersed over many beneficiaries and

materialising in often intangible ways across different timescales. The EGD should mandate an evolution in assessing building investments towards a systemic valuation of all benefits.

Europeans want to fight climate change, decrease social inequality and secure affordable housing. The EGD can address citizens' social, environmental and economic concerns by taking action in the built environment that supports a safe and just transition to a sustainable and zero-carbon Europe which reflects the diversity and values of its communities. A coherent set of regulatory initiatives and accompanying measures to

decarbonise and transform our buildings must be a central pillar of the EGD, ensuring the energy transition is done for and with all citizens.

For further details and specific policy recommendations see also: [The Zero Carbon and Circular Economy Challenge in the Built Environment](#)

¹ COM(2018) 738: Report From The Commission To The European Parliament And The Council on the implementation of the EU Strategy on adaptation to climate change.