

Build Europe's Green Deal And Renovation Wave

21 proposals

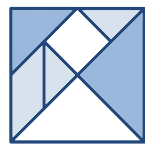


**BUILD
EUROPE**
RESTORING THE PAST, BUILDING THE FUTURE



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Build Europe

Build Europe is the umbrella organisation for European national federations of developers and housebuilders, representing more than 30,000 developers and housebuilders affiliated to the federations of 12 states.

Build Europe's main objective is above all to meet the social and environmental aspirations of European citizens. Build Europe works with its Members to promote practical deliverable policy approaches to build more, with better quality and at an affordable price.

Preamble

The EU recognises that buildings are the largest energy consumers in the European Union, that they are responsible for 36% of GHG emissions and that most existing buildings will still be present in 2050. The EU therefore considers renovation to be a necessity to achieve climate neutrality and is prioritising investments in a green, digital and fair recovery.

Renovating existing buildings could reduce the EU's total energy consumption by 5-6% and cut CO2 emissions by around 5%. On average, however, less than 1% of the national building stock is renovated each year (the rate varies between 0.4% and 1.2% depending on the member state).

The taxonomy of sustainable activities introduced by the European Union is a standardised classification for assessing the sustainability of economic activities that emit greenhouse gases (GHGs). The final technical report lists activities that can contribute to the transition to a net zero emission economy in 2050, but which do not yet follow the path to carbon neutrality, such as the renovation of buildings.

In October 2020, the European Commission presented its *Renovation Wave Strategy* that aims to double renovation rates in the next ten years. This project is in line with the European Green Deal, which aims to make the EU economy more sustainable.

The Renovation Wave Strategy puts forward neighbourhood-based approaches and includes an Affordable Housing Initiative for 100 districts. Build Europe welcomes the fact that **affordability** will be one of the key principles for building renovation towards 2030 and 2050 and reiterates the importance of involving private operators to achieve this goal.

The EU is therefore encouraging Member States to mobilise funds from the new recovery plan to encourage investment in decarbonising the housing stock. In addition, the EU is implementing a comprehensive recovery plan currently under negotiation, through which renovation should make a sustained contribution to the recovery effort. The Commission has therefore decided to design a European financing mechanism for renovation. Targeting all types of buildings and a wide range of improvements, the initiative is expected to reach an estimated €375 billion a year in investment, with around €250 billion for residential buildings and €75 billion for public buildings.

This is a major shift that brings about increased ambition in public policies to accompany the energy and environmental transition of buildings. The mobilisation and direction of these policies are just as crucial to ensure the optimisation of the funds raised. Developers and housebuilders grouped together within Build Europe want to make their contribution and publicise measures to achieve a Europe with more affordable and sustainable housing.

To achieve this, Build Europe is putting forward a strategy based on five pillars: accelerating the digital transition, broadening the scale of renovations, tackling obstacles, deploying new tools, and increasing skills. This plan aims to complement the Renovation Wave Strategy and should make it easier for Europe to achieve the objectives of the European Green Deal while respecting the demand of affordable housing expressed by European citizens.

Accelerate the digital transition

1 Increasing the digitalisation of the housebuilding sector

Increasing the digitalisation of the housebuilding sector

Digital technology has become essential in the real estate sector. Until now, it was difficult to keep information throughout the life cycle of the building, since it was thought through various stages: design, construction, management, and maintenance. Today, we need to ensure digital continuity, which is essential to secure the reliability and transport of data within the real estate industry. Digital mock-ups have proved their effectiveness in optimising building design and construction, and it is essential to develop these tools to enable building lifecycle management (50 years on average). Financial incentives are also required to encourage small companies to make the necessary investments.

2 Sharing technological innovations

Accelerating the dissemination of technological innovations to facilitate work (3D scans, digital models, connected objects, etc.).

The European institutions have a central role to play in strengthening digitalisation in the construction and renovation sector. The increased use of technological innovations would, for example, make it possible to translate demand into a 3D design configuration or augmented reality with a virtual visit and to share the concept. Other applications include optimised 3D building management and technological interfaces (SCAN to BIM, digital models, 3D details, etc.).

3 Developing and increasing the use of simulation tools

Using the skills of employees and SMEs in the aeronautics and automotive sectors, and their simulation and production tools, to put forward new renovation methods

The complete reorganisation of the construction industry, based on renovation and the circular economy, should enable new methods within the European housebuilding sector in order to achieve greater efficiency for the benefit of all by producing more quickly and at a more affordable price. This will involve setting up the first projects with buildings being renovated using new, much more standardised

methods and using materials recycled from demolition sites. This new method would also include the development of a shared process that can be broken down into several technical and architectural responses. The architectural responses could be based either on existing industrial production capacities or on industrial production capacities to be implemented in the workshop. In order to develop these simulation tools, investment support for SMEs is essential so that all types of companies can progress at the same pace. Finally, private operators would find it easier to guarantee the quality and affordability of their services by being granted an improved access to digital companies throughout Europe.

4 Setting up digital market platforms

Supporting the development of digital market platforms to increase transparency and reliability for the end customer

To reduce energy consumption and drastically reduce consumption in favour of household purchasing power and sustainable spending, a wide range of digital tools must be put in place to guide renovation decisions in order to offer assistance in the process, gather information and simplify the understanding of data for users. These tools should also allow the comparison between the cost of acquisition and renovation of housing on the second market with the cost of acquisition of a new dwelling (that will abide by NZEB standards as of 2021) depending on their energy consumption. It is difficult to compare in a simple way the real result with the theoretical objective in relation to the investments made, and this difficulty largely explains the lack of appetite for the energy renovation market from many European citizens.

Broaden the scale

5 Creating a European Observatory for Energy Renovation

Setting up a European Observatory for Energy Renovation

The aim of this European Observatory would be to establish a precise inventory of the European housing stock, to identify and quantify energy-intensive housing and to report on the volumes of renovation needed. It would also provide an opportunity to establish a common vocabulary for renovation at European level (eg global renovation, efficient renovation, excessive consumption buildings, energy poverty, etc.). This Observatory would make it possible to improve observation and knowledge of the sector by promoting the sharing of commercial data, the improvement of databases and the creation of partnering observatories (local authorities, State, town planning agencies, universities, traders' associations, etc.). However, large-scale renovation/restructuring operations must be undertaken without waiting for the creation of this Observatory.

6 Fostering renovation through simplified planning

Facilitating major renovation operations through simplified planning procedures

The objectives of the European Green Deal will not be achieved at the individual level and require simplified planning procedures for assets and districts that will need renovation work to achieve a much more ambitious and effective policy. It is therefore important for urban planners to identify districts where building renovation and restructuring operations can be carried out. Even if old buildings are made more energy efficient, they no longer meet the new expectations of European citizens. It is therefore necessary to engage in an approach of complete restructuring, even if this means keeping other aspects such as the volume of the building.

7 Modernising public policies of sustainable development

Integrating the renovation of buildings into public contracts supporting sustainable development

The various public contracts implemented by national and regional authorities across the EU must systematically consider the issue of environmental renovation of buildings. At the methodological level, this could involve measuring the impact in terms of CO2 emissions.

8 Making use of urban wastelands

Reviving the use of urban wastelands

Build Europe considers that urban renewal is the best medicine to combat 'city cancers'. Europe's future lies in our cities, which are not only the engines of the European economy, but also home to some of Europe's greatest challenges. In this context, combatting 'city cancers' – represented by brownfield, greyfield and blackfield lands – and converting them into new cities' lungs represents a great challenge and opportunity for European cities. In particular, Build Europe underlines that urban renewal can have several positive effects. Replenished housing stock might represent an improvement in quality; increase density and reduce sprawl; have economic benefits and improve the global economic competitiveness of a city centre. In today's economic context where investors are cautious, the role of the public sector is crucial in encouraging private investment in urban renewal or brownfield regeneration projects. Governments may encourage private investment by reducing risks and by leveraging a combination of available public funds and private money through incentives, such as VAT exemptions for sustainable buildings, regulatory relief, subsidised insurance, waivers of development fees, property tax abatements and public investments in infrastructure and amenities.

Tackle the obstacles

9 Speeding up and simplifying the issuance of urban planning permits

Encouraging national governments to speed up and simplify the issuance of urban planning permits

All means must be used to speed up and simplify the procedures related to the renovation of buildings and to improve energy efficiency. This includes reducing the time taken for administrative procedures for these projects and shortening the time taken for planning procedures, but also making the administrative procedures for energy-efficient operations significantly simpler. In many European countries, the appraisal process can take up to several years, which increases the cost for contractors and owners and significantly slows down the improvement of the energy performance of buildings. The European Union has a role to play in urging governments to speed up and simplify the permitting process of energy renovation projects that meet the urgent objectives of the European Green Deal.

10 Dematerialising procedures and facilitating the granting of permits

Promoting the dematerialisation of urban planning procedures for professionals and facilitating the granting of building permits

A reduction in appraisal times is urgently needed to make up for the backlog of projects following the lockdown. Submission of the required documents by email should be made compulsory in major European cities to lighten the burden on municipalities and speed up the completion of construction operations. Harmonising renovation and construction rules at European level would also make it easier for developers and housebuilders, especially those operating in another EU country.

11 Converting non-residential building into housing

Supporting the transformation of non-residential building into housing in the context of the pandemic by encouraging governments to review their fiscal policies

Many non-residential buildings such as offices, restaurants, hotels, and malls, given their accelerated obsolescence and changing needs in the wake of the Covid-19 pandemic, would benefit from being converted into housing. This conversion would significantly increase the housing stock available, and directly address the housing affordability crisis that millions of EU citizens are currently facing. Demand and projects exist, but sometimes face excessive administrative obstacles. The double objective aiming at developing renovation/rehabilitation operations and increasing the circular economy through the reduction of waste makes the case for an evolution of fiscal policies by Member States. Insofar as these projects respond to both the issues of affordable housing and energy renovation, a European ceiling on VAT applied to these transformation operations could prove very useful.

Deploy new tools

12 Encouraging the acquisition and conversion of old dwellings

Encouraging investors to buy and convert older dwellings to improve their energy performance

The European building stock includes a large proportion of buildings that are impossible to renovate because of their age and the specific technical means used at the time of construction. The application of the Renovation Wave at Member State level must take this parameter into account. The European Commission must encourage public authorities to facilitate the acquisition and transformation of old housing to improve the energy performance of the European building stock.

13 Promoting public-private partnership (PPP) development operations

Promoting PPP development operations aimed at renovating buildings with a view to their subsequent sale or concession to public or private users at the European level

Increasing the sustainability of buildings and reducing their energy footprint would be facilitated by building a new district on land that is cleared of existing buildings. To promote its urban renewal actions, and because one cannot expect everything from public funding alone, the new European measures proposed at Commission level must encourage local authorities to engage in PPPs whenever the scale of urban renewal justifies it. For PPPs to succeed, there must be formal arrangements between partners and a clear identification of roles and responsibilities as well as close co-operation among the different partners - authorities, private actors, and residents. We refer to the case of the Flemish government in Belgium, which adopted in 2002 a decree for the purpose of urban renewal projects through public-private partnerships.

14 Putting forward favourable tax treatment for deep renovation, including demolition/reconstruction operations

Encouraging the reduction of VAT applicable to comprehensive renovation work aimed at achieving high energy performance

Build Europe proposes to amplify and simplify, through tax incentives harmonised at the European level, the efficient renovation of buildings by following the example of premiums in the car industry. Favourable tax treatments should also apply to citizens that are buying dwellings resulting from demolition/reconstruction operations led by professional developers. By encouraging the authorities to adopt this approach, the EU could facilitate the carrying out of complex skills-intensive work and create jobs.

15 Promoting direct aid for rehabilitation

Encouraging national and regional authorities to increase direct aid for rehabilitations to increase the number of energy-efficient buildings

Large-scale rehabilitation of low-energy performance neighbourhoods does not only reduce greenhouse gas (GHG) emissions. These large-scale works also improve the social image of more disadvantaged neighbourhoods and generate indirect economic and social benefits. Direct aid from national and regional authorities, with the support of European funds, would help to accelerate this virtuous circle. However, the need for financial support on the secondary market (renovation) should not lead to distortions of competition on the primary market (new built). It would therefore make sense to treat on an equal footing the construction of new dwellings complying with the very low energy consumption requirement (NZEB) from 2021 onwards.

16 Stimulating the self-financing of renovations

Stimulating the self-financing of renovations by favouring densification

Encouraging at the European level the development of densification projects (eg elevations or parcel divisions) when they are linked to the implementation of energy performance work would facilitate the development of new sources of financing for energy efficiency. Densification projects also make it possible to combat urban sprawl.

17 Focusing on objective-driven renovations

Focusing on the desired end-result of renovation projects

Build Europe calls on the European institutions to favour an objective-driven renovation as opposed to prescriptive renovation, a source of additional administrative costs. In France, in recent years, the legislative trend aims to define the rule in terms of objectives and not means. Professionals of the real estate market know how to make buildings energy effective and could benefit from a reduction of regulations related to means to avoid creating unnecessary costs. This new paradigm could also apply to the construction of new buildings. However, the implementation of alternative solutions to achieve an identified objective must not lead to the reintroduction of administrative burdens that are a deterrent for operators.

18 Encouraging off-site modular constructions

Encouraging renovations through off-site modular constructions

An increase in the number of cost-controlled renovation projects using off-site modular constructions is being witnessed abroad. At the European level, this technique would enable a new building production chain by adopting a more collaborative approach. The development of off-site construction thus makes it possible to speed up the digitalisation and automation of the production of materials and equipment, and to improve the environmental performance of buildings.

Increase skills

19 Promoting renovation jobs

Fostering support and training policies for jobs related to renovation

A renovation policy at the European scale implies new jobs and new skills. The EU needs to train the workforce by introducing new technologies in these trades, which some see as old-fashioned and outdated. These new craftspeople will also need to be trained in a new mindset focused on reusing materials, choosing products that are manufactured as close as possible and with the best carbon footprint, and saving water, energy, and resources in general. EU and national authorities need to encourage this new mindset and undertake a massive training plan.

20 Setting up a Single Administrative Counter

Allowing craftspeople to devote 100% of their time to renovation work by offering a single administrative window

Building tradesmen spend too much time on formalities and declarations of all kinds, linked to their activity and to the progress of the building site, which reduce the time available for renovation work. Encouraging the creation of a single European platform for formalities and declarations would facilitate the work of craftsmen and speed up the renovation of buildings.

21 Launching a European television programme

Initiating and financing a "MasterChef" type TV concept within the framework of Creative Europe to promote jobs related to renovation

An increasing number of young European citizens are interested in craft professions (eg cooking, baking...), occupations that were previously neglected. The increased attractiveness of this jobs is due in part to the success of TV programmes which, with the help of celebrities, showcase talent and develop interest in these professions. The creation of a European competition programme dedicated to building trades, on the European channel Arte, for instance, would revive the necessary attractiveness of this sector. The taste observed for DIY trades and the attraction for programmes related to repair work and decoration suggest that such a programme could become popular.

Final remark

Through these proposals, Build Europe hopes that the European Green Deal will remain as close as possible to the aspirations of the European citizens and to the reality on the ground. Above all, the European executive must bear in mind that the housing prices are already too high compared to the income of European households.

It is obvious that the European Green Deal cannot be detrimental to the poorest households. Financial support from public authorities is therefore essential to ensure the success and the inclusiveness of the project.

Acknowledgement

Build Europe would like to thank the French Federation of Property Developers (FPI France) and RICS France for providing us with valuable information on urban renewal and housing renovation. This document builds on their work and underlines the need to meet the environmental ambitions of European citizens without deteriorating housing affordability.

This report has been widely circulated to gather comments and suggestions from major players in the renovation sector, elected officials, cities, and metropolises, as well as developers, housebuilders, and investors. We would particularly like to thank all those who, through their active participation, made this report possible by sharing their expertise.



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