# IMPACT OF THE RECOVERY PLANS ON THE SOCIAL & AFFORDABLE HOUSING SECTOR

HOUSING EUROPE

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**DISCLAIMER**
Our analysis of the national Recovery Plans is based on available information–from the European Commission, national Ministries and our member organisations (affordable and cooperative housing providers)–with regard to spending categories and their definitions, which can differ greatly from one country to another. While every effort has been made to ensure that the data and other information in this paper are accurate, some errors may remain. In some cases, the report mentions approximate figures, as precise information was not available at the time of going to publication.

While the author has used various sources and data, including from the European Commission, estimates and aggregate figures were computed by the author and the responsibility of the accuracy of those figures lies with the author. Views, thoughts, and opinions expressed in the text belong solely to the author and Housing Europe.

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# CONTENTS

# FOREWORD

Last year, the European Commission put forward **a historic stimulus Plan** to help the EU economy recover from the COVID-19 crisis. As part of this, the EU highlighted its aim to achieve *"faster and deeper renovation"* of buildings, which is *"a must for a net climate neutral EU and a clear win-win investment priority for a green, digital and fair recovery".*

**The public, cooperative and social housing sector equates to around 11% of the total housing stock in Europe, and is a key player in the green and fair transition.** In the Renovation Wave strategy[1] coming from the European Commission, public, cooperative and social housing has been identified as one of the key tools for recovery, particularly because it is a labour-intensive sector which will help to promote the recovery in employment.

Prior to the COVID-19 crisis, social, cooperative and public housing providers intended to spend around €35 billion per annum on the development or purchase of new dwellings and around €23 billion for renovation and maintenance, thus renovating about 400,000 housing units every year. In order to renovate the entire public, cooperative and social housing stock in Europe by 2050 to an average level B (60 to 120 kwh/m²/year) or A (below 50kwh/m²/year), contributing to the decarbonisation of the building stock and a $CO_2$ neutral Europe, we would need to increase this number by at least an additional 200,000 per year. **This would require an extra €10 billion per year until 2050.**[2]

The EU has done its part: With the commitment of the Recovery and Resilience Facility, the EU aims to at least double the annual renovation rate of the existing building stock. In total €560 billion will be dedicated to the Recovery Plans, including an important grant component of up to €310 billion. In addition, support has also been proposed through the Just Transition Fund, the Life Programme, and Horizon Europe.

We are glad to present this report, which digs deeper into the content of the freshly adopted national Recovery Plans, and investigates the areas of activity in which Member States will be engaged in order to make the Renovation Wave a success. **Beyond the renovation efforts, which will account for at least €47.28 billion, it is encouraging that several Member States have also dedicated funds for the provision of social housing and Housing First, totalling more than €5.5 billion.** In addition, **key housing reforms have been planned in several countries.**

Having long been committed to the goal of high energy performance and access to affordable housing, national, regional, and local providers of social and affordable housing will have a significant role to play to implement these ambitious plans and bring us closer to making the Renovation Wave a reality.

However, as the individual country profiles and analysis in this report will also show, the money that has so far been committed will not be enough to achieve the EU's targets. More public investment, improved public-private partnerships, as well as the establishment of dedicated financial institutions are, therefore, all part of the future we should be building towards. Have a good read!

**Bent Madsen**
**President of Housing Europe**

1 Communication of the European Commission on the Renovation Wave : EUR-Lex - 52020DC0662 - EN - EUR-Lex (europa.eu).
2 Housing Europe's ambition to renovate 4 million affordable homes by 2030 | Housing Europe.

# EXECUTIVE SUMMARY

The present report–based on desk research, data from national Ministries as well as affordable housing providers across Europe–discusses the impact of the national Recovery Plans on public, cooperative and social housing providers. Comparative data are explained in this publication; however, the detailed country profiles can be only read online.[3]

## SHARE OF ALLOCATION RELATED TO ENERGY EFFICIENT RENOVATION OF BUILDINGS

The total allocation to **Energy efficient renovation**[4] will amount to a minimum of **€47.28 billion**.[5] The following countries put forward the biggest renovation packages, which include not only the renovation of public, but also private buildings: Italy (€15.36 billion) is the 'champion' according to our analysis, followed by Spain (€7.8 billion), France (€5.83 billion), Poland (€3.2 billion) and Germany (€2.5 billion).

However, if we assess renovation spending in terms of its share of the **total national RRP budgets**, we get a slightly different list: Finland (39%) will spend the biggest share of its budget, followed by Cyprus (21%), Czechia, (17.4 %), Belgium (17%), and Latvia (13%). On an EU27 level, spending on energy efficient renovation amounts to 7.43 % of the total national Recovery budgets.

## SHARE OF ALLOCATION RELATED TO NEW AFFORDABLE HOUSING

Regarding the new construction of new social and affordable housing, seven countries put forward funding packages amounting to **€5.51 billion in total**, Portugal being the most dedicated with its €2.7 billion budget for the provision of affordable housing.

Compared to the commitments on renovation, the construction of social and affordable housing seems to lag behind. This is largely due to the focus on the flagship Renovation Wave policy, as well as to the pressure on Member States to comply with the related EU targets. The heavily renovation-centred allocation ***could pose several challenges for affordability and housing inclusion, says the academia.***[6]

The €5.51 billion **ambition on affordable housing construction is a positive first step, however, more could, and should, be done by the Member States.**

## RURAL HOUSING

In some countries, **programmes for rural housing rehabilitation** have been set up; such as in Denmark (30 billion DKK from the National Building Fund,[7] around €4bn), Romania (construction of housing with €110 million), Estonia (promoting integrated renovation) or Spain (mobilises more than 10% of its Plan for rural areas).

## AGREEMENTS WITH MUNICIPALITIES

Some governments have also entered into financial agreements with municipalities, in order to boost construction. Denmark has introduced a significant **increase in** regional and municipal **construction ceilings;** Germany will create **municipal laboratories on energy transition** to investigate and demonstrate new solutions for the efficient and sustainable energy supply of urban districts; Poland is going to establish a Green Urban Transformation Fund; and Greece is planning to help its municipalities with the preparation of **Local Urban Plans** to implement its urban policy reform.

3 https://www.housingeurope.eu/section-15/resources-articles?topic=&type=publication&order=
4 The allocation includes renovation of private households as well as public/social buildings.
5 Data did not include the Netherlands.
6 Page 4, Beyond renovation: Addressing Europe's long housing crisis in the wake of the COVID-19 pandemic, Euro commentary, Carlos Delclós and Lorenzo Vidal, University of Barcelona.
7 The National Building Fund is a private fund financed by the tenants in the Danish social and non-profit housing sector. Read more here https://www.housingeurope.eu/blog-1559/the-national-building-fund

## PPP AND ONE-STOP SHOPS

Several examples can be seen across Europe focusing on public-private cooperation. Just to mention a few: Greece will be using **Public-Private Partnerships** to make significant public investment efforts; Cyprus will establish **Digital One-Stop Shops to streamline permits for renewable energy sources (RES) projects to better facilitate energy renovation in buildings;** Spain is going to **extend its existing Renovation Offices;** Slovenia will **establish a revolving fund for energy refurbishments in the public sector through ESCO financing.**

## RENOVATION OF MULTI-APARTMENT BUILDINGS

At least five countries are going to invest money in the renovation of multi-apartment buildings:
In Estonia, €45 million will co-finance the renovation of apartment buildings; in Sweden the government has proposed SEK 2400 million 2022 (c.€235 million) and SEK 1000 million 2023 (c.€100 million). Lithuania also plans to implement a reform of the renovation of buildings, with the goal to renovate 1,000 multi-apartment buildings per year until 2030. Croatia put forward €789 million for investments aiming to encourage renovation of buildings, and the Latvian Plan includes measures with a focus on the improvement of energy efficiency in multi-apartment and public buildings.

## TACKLING ENERGY POVERTY

As for the support for multi-family and single-family buildings, especially those suffering from energy poverty, at least nine countries have put forward ambitious plans. Some examples: Austria plans to support 2,250, Bulgaria 10,680 households; Cyprus targets the alleviation of energy poverty through **reduced energy and water bills;** Czechia will introduce a **two-stage pre-project preparation for low-income households.** In addition, the Slovak Plan proposed to provide €528 million to **renovate** at least 30,000 family houses; and Romania will establish a **grant scheme for resilience and energy efficiency** in residential/multi-family buildings.

## ENERGY COMMUNITIES

In terms of supporting energy communities, at least six countries put forward some dedicated measures. This is the case of Italy that will invest €2.2 billion in **energy communities in municipalities of less than 5,000 inhabitants.** Czechia has dedicated €283 million for **establishing 'energy communities';** Spain will **foster citizens' participation via renewable self-consumption** and renewable/citizen energy communities with a budget of €100 million. Finally, Poland will dedicate **€97 million** for the launch of its first energy communities.

## PUBLIC BUILDINGS

Some countries will focus their RRF resources on the **renovation of public buildings,** with private buildings covered by different programmes. This is the case of Czechia (€1.2 billion) and Romania, with the latter putting together a €1.17 billion grant scheme for energy efficiency and resilience in public buildings (including historic buildings).

## ADAPTATION AND MITIGATION MEASURES

At least nine countries planned to invest in adaptation of buildings and mitigation measures. Greece seems to excel so far in its approach to adaptation measures and with the help of the EIB, it has developed an ambitious plan to build a more resilient country.

Belgium will invest to increase its preparedness to deal with longer periods of drought and more frequent heat waves through a €291 million package that will be channelled via circular water use projects, better water retention and infiltration. Slovenia plans to spend €335 million for **flood risk reduction and risk reduction projects for other natural resources disasters caused by climate change, such as landslides.** Latvia plans to spend €36.63 million in **flood and fire prevention.** Finally, Croatia, Italy, and Romania plan **anti-seismic interventions** in the frame of their renovation efforts.

# ACCESS TO HOUSING, SOCIAL HOUSING AND HOUSING FIRST

Ten countries put forward ambitious plans to improve access to social housing and Housing First with a total allocation of €5.51 billion. The **Portuguese Plan** seems the most ambitious, with its six different programmes, dedicating 20% of RRP for affordable housing. **Spain** follows Portugal in terms of budget size. The Programme for the construction of social housing whose cost is estimated at €1 billion aims to build at least **20,000 new dwellings** for social rental purposes or at affordable prices.

The Slovenian **Rental housing construction scheme** aims[8] to **improve access to rental housing for the socially disadvantaged people** (provision of **5,000 additional public rental dwellings**)[9].

Sweden is planning to support the already existing rental housing and student housing programmes with **increased funding in construction** (from the current SEK 7.5 billion (€740 million) to **SEK 9.3 billion in 2021** (€920 million)).

The Greek Plan includes a **social housing pilot programme,** with a budget of **€1.3 million.** Hungary's Plan includes a **Renovation programme for the 300 most disadvantaged settlements** in the country[10] **through building new housing units and managing them in the frame of a Social Rental Agency.**

The Italian Plan foresees **social housing for low-income and disadvantaged groups,** with €175 million from the RRF in the coming 3 years.[11]

Ireland is planning significant funding for **social housing and residential housing.** In 2021, the country plans to deliver **12,750 additional social homes.**[12] Finally, a promising initiative of the Latvian Plan is to ensure the provision **of 700 new affordable housing units.**

# DIGITAL TRANSITION

Five countries included affordable housing in their digital agendas:

- **An apartment information system will be developed in Finland** by 2026, with the help of €14 million.[13]
- Czechia is going to **set up a Central information system ('AIS')** to migrate all data to one platform on the construction permissions process.
- The Slovenian Plan is **introducing the concept of circular construction and introducing new modelling techniques (e.g. BIM).**[14]
- Greece plans to **install fiber optic infrastructure in residential and commercial buildings,** with a budget of €131 million, in order to improve end-users' connection with very high-capacity networks based on a demand subsidy scheme.[15]
- Denmark will establish **the Broadband pool, the prolongment of an existing scheme** (Bredbåndspuljen), which shall roll out high-speed internet in rural areas.[16]

# SKILLS DEVELOPMENT

Five countries included measures on skills development related to construction.

The Estonian Recovery Plan includes the implementation of a €15 million **Green Skills Action Plan** in response to the CSR 2019.[17] This will be supported by the higher education and vocational education and training programmes; and retraining programmes. The focus will be in particular on **energy, construction,** agriculture and forestry.

The Irish **'SOLAS recovery skills response investment programme - green skills action'** (€29 million) is expected to contribute to upskilling efforts that have a clear focus on improving skills to progress the green transition and support climate action.[18] Czechia's ambition is similar to the Irish one, as it plans to extends its **support for training and retraining of workers deploying green construction, green technologies or materials** under the State programme for supporting energy savings (EFEKT).

In Spain, the renewable energy investment envelop of €2.37 billion will include–among other initiatives like equity support to renewable energy–the support of **reskilling and upskilling** in the area of the generation of renewables. Finally, Romania plans to develop a **regional training and education centre (€10 million).**[19]

8 Page 443-458, Slovenian Plan, April 2021.
9 Page 450, Slovenian Plan, April 2021.
10 Hungarian draft Resilience and Recovery Plan .
11 Page 100, Social Services Action Plan, https://www.lavoro.gov.it/priorita/Documents/Piano-Nazionale-degli-Interventi-e-dei-Servizi-Sociali-2021-2023.pdf
12 Based on data provided by the Irish Council for Social Housing www.icsh.ie
13 Page 126-127, Finnish Plan, June 2021.
14 Page 36, Slovenian Plan, April 2021.
15 Page 50, Annex to the Proposal for Council decision on the Greek RRP https://ec.europa.eu/info/system/files/com_328_1_annexe_en.pdf
16 Page 44, Annex to the Proposal for Council Decision on the Danish RRP https://ec.europa.eu/info/system/files/com-2021-326_annexe_en.pdf
17 CSR 2019: Address the problem of skills shortages; promote innovation, improve education and training capacity and compliance with labour market needs.
18 Page 32, Assessment of the European Commission about the Irish RRP https://ec.europa.eu/info/sites/default/files/com-2021-419_swd_en.pdf
19 Page 81, Romanian Recovery Plan (June 2021).

## DEINSTITUTIONALI-SATION (DI) OF CARE

Seven countries also address the deinstitutionalization, thus investing in improvement of access to housing for people with disabilities and the elderly, as well as the extension of home care services.

The Italian Plan excels here, as it introduces a range of different measures such as the **increase in the provision of social housing, the improvement of access to social services, particularly for people with disabilities and non-self-sufficient elderly people,** the **extension of home care services to disadvantaged communities** through urban regeneration plans. Those interventions are accompanied by the **Framework Law for persons with disabilities** and the reform related to the **extension of telemedicine and the proximity network.**[20]

The Slovenian Plan mentions the need to invest in **home care services** to help people to stay in their homes. Slovenia will focus on the **development and upgrading of services that prolong independent living at home** (upgrading home support services) **and test new services.**[21]

Estonia will dedicate resources to **adaptation measures for healthy ageing. With an envelope of € 95.6 million to adapt homes to support living at home; to provide community-based service buildings for the elderly;** as well as to create **integrated health and care centres.**[22]

Belgium made a similar commitment in its Plan. A portion (number unknown) of the newly built social housing in Wallonia will be equipped with **assistive technologies in order to support the independent living of persons with disabilities and elderly people.**[23]

Latvia is going to invest in **accessibility of private homes** for 259 people with disabilities and to 63 public buildings and build long-term care facilities for 852 elderly people. Czechia also plans to reform its long-term care strategy and foresees f**inancing community-based and home-based services.**[24]

As for the medium term, the Spanish plan foresees a **national deinstitutionalisation strategy**[25] with an objective to move to a model geared towards **community care.** Measures to **promote innovation and the use of new technologies** should ensure care throughout the territory.

Lastly, Greece is going to establish **Home Health Care & Hospital at Home systems** for targeted groups of patients with chronic disabilities.[26]

Housing reforms

A very encouraging 10 countries plan substantial housing reforms, mostly through urban development and spatial planning. Some examples are as follows:

The Irish Plan is going to progress with the **Climate Action and Low Carbon Development (amendment) Bill** that aims at setting an emissions reduction target for 2030. The Plan also foresees the increase of the Provision of Social and Affordable Housing through **progressing the Affordable Housing Bill and the Land Development Agency Bill.**

The Slovenian Plan foresees the **amendment of the sectoral legislation, the Housing Act,** as a basis for systemic housing policy towards a sustainable and continuous provision of adequate housing. The overall objective of the amendment is to expanding the public rental stock **by at least 5,000 additional dwellings and 'activating' approximately 2,000 further dwellings.**[27]

Finland foresees a **Reform of the Land Use and Building Act by 2024**[28] that will provide guidance for low-carbon construction and make comprehensive provision for the digitalisation of information throughout the construction life cycle.

Croatia is going to introduce a **new model of green urban renewal strategies** and implement a pilot project for the **development of green infrastructure and the circular management of buildings and space**[29].

The Austrian Plan will establish a monitoring framework that **mobilises private capital for the necessary investments to achieve the climate and energy targets of 2030.**[30] Greece also foresees a €21 million reform in order to promote new loans and is going to **establish the Credit Expansion Observatory.**[31]

20 Page 7, Proposal for Council decision on the Italian RRP https://ec.europa.eu/info/system/files/com-2021-344_en.pdf
21 Page 435, Slovenian Plan, April 2021.
22 Page 29, Estonian Plan, June 2021.
23 Page 38-39, Assessment of the European Commission on the Belgian RRP https://ec.europa.eu/info/system/files/com-2021-349_swd_en.pdf
24 Page 117, Annex to the Proposal of the European Commission to the Council on the Czech RRP https://ec.europa.eu/info/sites/default/files/com-2021-431_annexe_en.pdf
25 Page 38, Assessment of the European Commission on the Spanish Plan, https://ec.europa.eu/info/system/files/com_322_4_swd_en.pdf
26 Page 108, Annex to the Proposal for Council decision on the Greek RRP, https://ec.europa.eu/info/system/files/com_328_1_annexe_en.pdf
27 Page 449, Slovenian Plan, April 2021.
28 Page 73, Plan, June 2021.
29 Page 237, Annex to the Proposal of the European Commission on Croatia https://ec.europa.eu/info/sites/default/files/com-2021-401_annexe_en.pdf
30 Page 91, Annex to the Proposal for a Council Implementing Decision https://eur-lex.europa.eu/resource.html?uri=cellar:45ad725b-d27a-11eb-ac72-01aa75ed71a1.0002.02/DOC_2&format=PDF
31 Page 165, Annex to the Proposal for Council decision https://ec.europa.eu/info/system/files/com_328_1_annexe_en.pdf

In Spain, the Housing Law will **address the various public planning, programming and collaboration instruments already in place to support the right to decent and adequate housing.**[32] Secondly, the Law on the Quality of Architecture and Building Environment and the New National Architecture Strategy aims to **declare the quality of architecture and buildings as a public good,** to improve the quality of life. Thirdly, Reform 6 'Improved funding for renovation actions will **establish a new Instituto de Crédito Oficial (ICO) guarantee line to partially cover the risk of loans** granted by private financial institutions to renovate residential buildings; and **to improve access to finance for communities of owners.**[33]

Poland is tackling spatial planning in a similar manner to Spain. It will introduce a reform to increase the quality and transparency of the spatial planning system, with the goal **to prevent the uncontrolled sprawl of development into suburban areas.**[34] Further significant reform on the **housing finance system** will also take place, **in relation to increasing the energy efficiency of residential buildings.**[35]

Czechia foresees some reforms in its zoning law which aims to bring a **high degree of digitalisation to the construction permissions process.** The new Construction Act will bring the decentralised structure of the building authorities under the responsibility of the State. In addition, Czechia is going to **assess the decarbonisation of district heating in order to switch from coal combustion to renewable energy sources,** the combustion of natural gas, biomass and waste, and decrease greenhouse gas emissions.[36]

## LINK WITH THE EUROPEAN SEMESTER

**In 2019, five countries** (Germany, Ireland, Luxembourg, Netherlands, Sweden) **received housing specific recommendations** from the European Commission. This was followed by **recommendations for four countries** (Germany, Ireland, Netherlands, Sweden) in 2020. Other CSRs have also been relevant for the affordable housing sector that countries addressed in their RRP.

There have been different approaches of implementation:

### Explicit engagement in investing in social and affordable housing

In the years 2020 to 2024, the German Government will support the Länder in the **implementation of affordable housing by providing €1 billion in programme funds each year.**[37] In addition, Germany is preparing its **Building Land Mobilisation Act** to improve the municipalities' scope for action in activating building land and securing affordable housing.

Component 3 ('*Social and Economic Recovery and Job Creation*') of the Irish Plan contributes to addressing the CSRs related to social and affordable housing (CSR 3 in 2019, and 2 in 2020).[38] This will be done though the **increase of the provision of social and affordable housing** and by progressing the **'Affordable Housing Act'** and the **'Land Development Agency Bill'.**

An explicit measure, responding to the CSR has been put forward by Luxembourg: Component 1 **'increase the offer of affordable and sustainable public housing'.** A €51.46 million financing package aims to build affordable public housing, and increase the public stock by acquiring existing dwellings that will then undergo major renovation works.[39]

### Territorial cohesion though improving regulation

**Romania** will act on its European Semester 2020 Country Report, which noted excessive bureaucratic requirements in terms of permits/ authorisations, especially in the field of spatial planning and construction. Therefore, Romania will invest **in simplification and digitisation processes until 2023.** Urban planning documents will be uploaded to a **single national platform, the National Territorial Observatory**[40].

The approach of Portugal is similar: its Plan aims to address issues of social and territorial cohesion through the **provision of lifelong health services; affordable housing policy;** strengthening social responses for older people within the drive to **deinstitutionalise care; addressing child poverty; targeting people with disabilities and people living in poverty** in metropolitan areas.

32 Page 15, Annex to the Proposal for Council decision https://ec.europa.eu/info/system/files/com_322_1_annex_en.pdf
33 Page 15, Annex to the Proposal for Council decision https://ec.europa.eu/info/system/files/com_322_1_annex_en.pdf
34 Page 116, Polish RRP, June 2021.
35 Page 184, Polish RRP, June 2021.
36 Page 61-70, Annex to the Proposal of the European Commission to the Council on the Czech RRP https://ec.europa.eu/info/sites/default/files/com-2021-431_annexe_en.pdf
37 Page 248, German Plan, April 2021.
38 Page 37, Annex to the Proposal for a Council decision https://ec.europa.eu/info/sites/default/files/com-2021-419_annexe_en.pdf
39 Page 45, Luxembourgish Plan, June 2021.
40 More on the Platform: https://ot.mdrap.ro/website/maps/

**Focus on the green deal**

In the Finnish Plan, **clean technologies** are prioritised, such as the development and use of renewable energy sources and modernised networks, based on the CSRs made in 2020.[41] Spain joins Finland in promoting private investment as suggested by CSRs 2020[42] and 2019[43] and is going to **to focus investment on the green and digital transition,** in particular on fostering research and innovation, clean and efficient production and **use of energy.**

The Lithuanian Plan will implement a similar CSR from 2019, e.g. **increase energy and resource efficiency,** sustainable transport,[44] through its Green Transition plan, which aims to develop a climate-neutral economy. The same goes for the Polish Plan. Although, it goes beyond what is planned in Lithuania, with Poland foreseeing a number of reforms to accelerate **private investment in the green transition.**[45]

The Danish plan also focuses on measures to improve efficiency in the clean and efficient production and use of energy (CSR 2.3 of 2020, some progress). Denmark will accelerate the conversion from oil and gas furnaces to electrical heat pumps, district heating and energy renovations in private and public buildings.

Finally, the Czech and Croatian Plans tackle the recommendation **to focus investment on the green and digital transition, by promoting investments in clean and efficient energy,** (…) and the **decarbonisation of buildings** (CSR 2019.3.3 and CSR 2020.3.8)[46] as well as clean and efficient production and use of energy (CSR 3 from 2020).[47]

**Focus on social inclusion and poverty reduction**

Slovenia has been following the CSRs related to 'risk of poverty' and 'social exclusion', linking its affordable rental housing scheme to tackling these issues.[48] Similarly, the Latvian Plan includes a set of investments that address the CSRs in 2019 and in 2020, notably those in the areas of **social inclusion,** such as by improving research and innovation; investments, such as **green** and digital **transition,** and **affordable housing** to improve regional labour mobility.[49] Its affordable housing construction scheme will be a tool to address that.

**Deinstitutionalisation of long-term care**

An important first step has been done by some countries to support the independent living of people with care needs for as long as possible. Belgium is a good example, as it addresses the **deinstitutionalisation of long-term care,** following the CSR 1.3 of 2019. **Investment in social housing in Wallonia will serve this.**[50] Secondly, the Greek Plan[51] is going to invest in **independent living assistance** for people with disabilities, and in the **social reintegration** of Roma, homeless and refugee populations.

## LINK WITH THE NATIONAL ENERGY AND CLIMATE PLANS (NECP)

According to the latest data, a **moderate consistency with the NECPs can be observed in a number of countries, including** Austria, Belgium, Bulgaria, France, Poland, Slovakia, and that is, amongst others factors, due to the outdated data that numerous countries based their NECPs on; the lack of clear aims and conditionalities; missing monitoring instruments; the lack of a holistic approach in the development of energy efficiency related measures; the absence of using the Taxonomy for Sustainable Investments as a benchmark for climate-proof investments; the underusage of innovative technologies despite their potential in energy efficiency; as well as to the insufficient dedicated investments.

However, **other countries' Plans are going beyond the requirements, for example Finland and Portugal.** Finland introduced a number of measures on green transition and its key goal is **making Finland a world leader** in the hydrogen and circular economies. **In Portugal, green transition of buildings is going even beyond energy efficiency** and includes circular economy.[52]

Finally, **most countries are aligned with the NECP** such as Italy, Ireland, Romania, Greece, Croatia, Denmark, and Spain, **however further public investments would be needed in the future.**

41 Page 31, Finnish Plan, June 2021.
42 CSRs 2020.3.3, 4, 5, 6 and 7.
43 CSRs 2019.3.1, 2, 3, 4 and 5.
44 Page 27, Lithuanian Plan, June 2021.
45 Page 60, Polish RRP, June 2021
46 Page 36, Assessment of the European Commission on the Croatian RRP https://ec.europa.eu/info/sites/default/files/com-2021-401_swd_en.pdf
47 Page 69, Annex to the Proposal of the European Commission to the Council on the Czech RRP https://ec.europa.eu/info/sites/default/files/com-2021-431_annexe_en.pdf
48 Page 443, Slovenian Plan, April 2021.
49 Page 3, Proposal of the European Commission on the approval of the assessment of the Latvian RRP, https://ec.europa.eu/info/system/files/com-2021-340_en.pdf
50 Page 38-39, Assessment of the European Commission on the Belgian RRP https://ec.europa.eu/info/system/files/com-2021-349_swd_en.pdf
51 Page 45, Assessment of the European Commission on the Greek Plan https://ec.europa.eu/info/system/files/com_328_6_swd_en.pdf
52 Page 43-44, Assessment of the European Commission https://ec.europa.eu/info/system/files/com_321_7_swd_en.pdf

# CONCLUSIONS AND POLICY RECOMMENDATIONS

As the above analysis and the detailed country profiles show, some countries have been extremely ambitious not only in terms of the amounts dedicated to the housing and related sectors, but also in terms of proposed reforms to the housing sector. However, other countries have adopted a more 'business-as-usual' approach, limiting their contribution to housing to a minimum level.

This report estimates the renovation efforts of Member States to be of the order of at least €47.28 billion, while efforts to increase access to housing are estimated to be €5.51 billion. This means the commitments on housing total to **a modest amount (€52.8 billion) when compared to the current investment need.**

The oft-cited *'Report of the High-Level Task Force on Investing in Social Infrastructure in Europe'* identified a **minimum investment gap in affordable housing of €57 billion per year,**[53] pre-COVID. **This means that up to 2026, €342 billion should be invested in the sector. Thus, the €52 billion contribution from the RRF, while welcome, constitutes just a tiny part of this need.**

In terms of sectoral focus, with the Renovation Wave as a flagship area, as well as the pressure on the Member States to comply with EU targets, the **Plans are heavily centred on renovation,** which **could *pose several challenges for affordability and housing inclusion.*** [54] On the other side, the €5.51 billion **ambition of the 10 countries on affordable housing construction is a positive first step,** after a period of public investment in housing development that was significantly below historical norms. However, **more could be done by the Member States in addressing the current housing crisis, which worsened during the pandemic, with many vulnerable people facing eviction.**

Furthermore, there are also concerns about the **absorption ability** at a local level. **The mobilisation and channelling** of the investment remains a challenge especially for social-housing providers and home-owner associations, which are keen on carrying out such energy-related projects. If the pace of allocations and eligibility constraints will be the same as in the case of ESIF in the previous years, **additional measures would be needed** for achieving the desired uptake and efforts should be made towards a **new model of governance.**

Besides the efforts of the EU, it can be observed that **dedicated renovation programmes** in several countries **are not enough to eradicate energy poverty and to achieve the EU's green targets.** This is also confirmed by the assessments of the European Commission. In **some countries,** measures in the Recovery Plans **seem destined to maintain the funding for the management of inefficient buildings.**

This means practically that the EU as a whole, will miss this historic opportunity for the RRF funds to support wide-ranging housing renovation programmes, including support schemes that would allow low-income households to access renovations, supporting a truly just transition.

**More and different funding schemes as well as reforms** on energy efficiency standards are key to change this pattern, especially targeting the investment gap due to the low income of building owners.

53 Boosting investment in social infrastructure in Europe, 2018 https://ec.europa.eu/info/sites/default/files/economy-finance/dp074_en.pdf

54 Page 4, Beyond renovation: Addressing Europe's long housing crisis in the wake of the COVID-19 pandemic, Euro commentary, Carlos Delclós and Lorenzo Vidal, University of Barcelona.

**Capacity and skills are the main issues impeding the implementation of the** Plans by various local governments. Authorities have difficulty to manage the level of funding and accompanying procedures, while a lack of viable projects that are in line with the RFF is also an issue. **From the tenants'/ owners' side, a lack of understanding and skills** is also an issue that would **require more enhanced advisory services.**

Moreover, **the use of existing technologies in different countries cannot achieve optimal energy efficiency potential.** Some **innovative technologies are needed** to bring up full efficiency, with the help of more investments. For that, an **integrated approach** is key.

In terms of **the usage of EPCs,** early feedback on implementation shows that it **does not suit small public bodies.** Several countries such as Poland or Slovenia are testing legislative reforms and the establishment of revolving funds for the public sector in order to increase the energy savings potential.

It is clear that the EU has already made major efforts: Beyond making the RRF available, the European Commission's chapeau communication of 2020[55] specifically asked Member States *'to **protect households that are overburdened by housing costs,** (…), while **preserving financial stability and repayment incentives over the medium-term'*** and argued that ***'Investment in 'high impact' infrastructures can help addressing current policy trade-offs and societal imbalances.*** The European Commission also **agreed to loosen the State Aid rules,** enabling Member States to be more flexible and effective in their support measures.[56]

**It is now the turn of Member States to step up and increase public investment in affordable housing together with private investment.** Enhancing and **improving the use of public private partnerships** should be expanded further, by **using InvestEU and financing from national promotional banks. Setting up collaborative institutions** such as **specialised funds** to address changes in sectors, e.g. for energy efficiency or infrastructure, could help to improve the uptake.

**Finally, it is clear that money is not enough.** As the recent paper by the LSE highlights[57], Member States are currently selecting projects with which they will translate NGEU into practical policy actions, with no evidence-based guidance for their decisions.

**High-quality large-scale investments in affordable housing that are based on evidence[58] are key in the EU,** given social developments such as our ageing populations, radical structural changes in labour markets, and the opportunities presented via technological innovation. We cannot risk not making those investments, as an ageing population will have serious and prolonged impacts, particularly on the affordability of health, on long-term care and pensions.

55 'Social fairness' axis, 'Chapeau' communication on the CSRs, European Commission, 2020 https://ec.europa.eu/info/business-economy-euro/economic-and-fiscal-policy-coordination/eu-economic-governance-monitoring-prevention-correction/european-semester/european-semester-timeline/spring-package_en
56 https://ec.europa.eu/commission/presscorner/detail/en/statement_20_479
57 Riccardo Crescenzi, Mara Giua and Giulia Valeria Sonzogno: Mind the Clock: An evidence-based approach to the implementation of Next Generation EU, Paper no 24, LSE, 2021.
58 Housing 2030: Effective policies for affordable housing in the UNECE region, 2021 https://www.housing2030.org/

# INTRODUCTION

**The plan for European recovery, Next Generation EU (NGEU) is a new instrument of €750 billion with the aim of *addressing the consequences of COVID-19, and setting the Union firmly on the path to a sustainable and resilient recovery.*[59]**

**The instrument has some similarities with the Cohesion Policy, notably its redistributive nature to move money from richer to poorer countries. Thus, countries with lower GNI per capita will receive more support.[60] At the same time, it also looks at the GDP growth after the pandemic's economic shock.**

**The Recovery and Resilience Facility (RRF) is part of the Pillar 1 that will support Member State efforts to recover stronger from the crisis. The RRF represents €560 billion of which loans represent €310 billion and grants €250 billion.**

**In order to benefit from the RRF, Member States prepared their national Recovery and Resilience Plans. The present publication is going to discuss the impact of these Plans on the affordable housing sector. Comparative data are explained in the present paper; however, detailed country profiles can be only read online.[61]**

## GRANT SUPPORT AND LOANS

Key to mention that central governments are the direct beneficiaries of the RRF, thus all financing from the EU will arrive at the national level. Thus, the method by which funds will be distributed to the regional of local level is up to national governments to decide.

In terms of grant support, with the exceptions of Latvia and Sweden, all countries requested the estimated full amount of grants or more.[62]

As spelled out in the context of the European Semester process, all the loans aim to finance investment and reform. This comes with two limitations:

- Firstly, as the **loans can only be used for this purpose,** the maximum loan volume for each member state **cannot exceed the total cost of the agreed investment and reforms, minus the amount of grants received for the same purpose.**

- Secondly, loans should **remain below 4.7% of GNI for each country based on the national income figures of the previous year**[63], though under exceptional circumstances this value could be exceeded. The Commission's proposed total loan volume is €250 billion at 2018 prices or €268 billion at current prices, suggesting the Commission does not expect all EU countries to apply for loans. Thus, only countries that borrow at a higher rate than the EU borrowing rate would likely avail of a loan from the EU.

The assumption of the European Commission was that the loans represent non-negligible savings for countries with higher borrowing costs, for example Italy, Cyprus, Malta, Portugal and Slovenia.

So far, more than eight countries have requested loans. Of these eight countries Greece (€12.7 billion), Italy (€122 billion) and Romania (€14.9 billion) have requested the full amount of loans available to them, while Cyprus (€200 million), Poland (€12.11 billion), Spain (€70 billion), Portugal (€2.7 billion) and Slovenia (€705 million) have requested between 16% and 37% of the loans available to them.[64] According to Article 14 of the RRF Regulation, countries can request loan support until 31 August 2023, so more countries may do so in the future.

59 More details: Council conclusions on the Recovery Plan and Budget, July 2020.
60 The EU's recovery fund proposals: crisis relief with massive redistribution | Bruegel, 2020.
61 https://www.housingeurope.eu/section-15/resources-articles?topic=&type=publication&order=
62 Table 1, Bruegel study, 8 July 2021 https://www.bruegel.org/publications/datasets/european-union-countries-recovery-and-resilience-plans/?fbclid=IwAR0IH6rq3X-PYhGcDDQZr4n0C527OGlnUjBs0cBCQU4erjLdfvtZoLXJzTg
63 Council conclusions, July 2020, https://www.consilium.europa.eu/media/45109/210720-euco-final-conclusions-en.pdf
64 Table 1, Bruegel study, 8 July 2021 https://www.bruegel.org/publications/datasets/european-union-countries-recovery-and-resilience-plans/?fbclid=IwAR0IH6rq3X-PYhGcDDQZr4n0C527OGlnUjBs0cBCQU4erjLdfvtZoLXJzTg

## ALLOCATION LOGIC OF THE EU

Regarding the used criterion, the unemployment criterion is replaced by the loss in real GDP. Hence, the larger the country, the larger is the euro value of the GDP fall. Therefore, Germany and France will get a larger amount of grants, because of this GDP criterion that they could have benefitted only under the unemployment criterion. Central European countries would obtain less in guarantees as a share of their GNIs because their economic contraction is forecast to be less severe, relatively speaking.

## CONDITIONS FOR PAYMENTS TO MEMBER STATES

An innovative feature in this Facility is the link between payment and performance: The European Commission will authorise disbursements based on the achievement of the agreed milestones and targets up to the deadline of 2026. In case of a non-implementation of agreed reforms and investments, or a policy reversal within the implementation period, the Commission may not authorise further disbursements to the Member States concerned.

## STATE AID AND COMBINATION WITH OTHER FUNDS

State aid rules fully apply for the payments and use of funds, unless they are eligible for an exemption. The support under the Recovery Plans can be combined with InvestEU, Connecting Europe Facility, LIFE and Horizon Europe. National funds can be added as well to help ensure scaling up of planned support schemes (e.g. for renewables, for energy efficiency in buildings).

## REQUIRED CONTENT OF THE RECOVERY PLANS

LINK WITH THE EUROPEAN SEMESTER

In order to benefit from the support, Member States' Plans had to outline national investment and reform agendas in line with the European Semester. Thus, Member States' recovery Plans should **address the economic policy challenges set out in the country-specific recommendations of recent years and in particular in 2019 and 2020.**

Unless the European Commission has assessed the progress with these recommendations as *'substantial progress'* or *'full implementation'*, all country-specific recommendations are considered to be relevant.

Housing related CSRs in 2019 and 2020 were made for Germany, Ireland, Luxembourg, Netherlands, Sweden, Italy, and Spain. More details on how the different countries addressed CSRs can be found in the country profiles (online).

RECOMMENDED FLAGSHIP AREAS

The plans were required to enable Member States to enhance their economic growth potential, job creation and economic and social resilience, and to meet the green and digital transitions.

In September 2020 the European Commission presented additional guidance to Member States on how best to present their Plans together with a standard template[65] that described flagship areas that need to be included. The relevant flagship areas for affordable housing organisations are:

- **The use of renewables.** Relevant EU commitment: Support the building and sector integration of almost 40% of the 500 GW of renewable power generation needed by 2030

- **The improvement of energy efficiency of public and private buildings.** Relevant EU commitment: By 2025, contribute to the doubling of the renovation rate and the fostering of deep renovation

Key aspect for the affordable housing sector is a compulsory direct link between the Recovery Plans and the National Energy and Climate Plans (NECPs), as well as the long-term renovation strategies. NECPs are expected to highlight their specific parts that could support the recovery of the EU economy, in particular on the green transition: *'building renovation and affordable, energy-efficient housing, deployment of renewables,...'*

Concerning renovation, the European Commission prepared a guidance document to help Member States ensuring coherence with the European flagships and to give examples of investments that Member States could include under the component *'Renovation wave aimed at enhancing energy and resource efficiency'*.[66]

OVERALL ECONOMIC AND SOCIAL IMPACT OF THE RECOVERY PLANS

Member States should include in their Plans information on not only the economic, but also social impact of reforms and investments.[67] In addition, the sustainability principle should appear: the positive impact of the Plan is expected to be long-lasting—the Plans should meet the climate mainstreaming target of 37%, set by the EU.

## TECHNICAL ASSISTANCE

As the Member States would need to absorb very large amounts in a short period of time, implementation can be challenging. In order to help Member States, technical assistance is made available under the Technical Support Instrument.

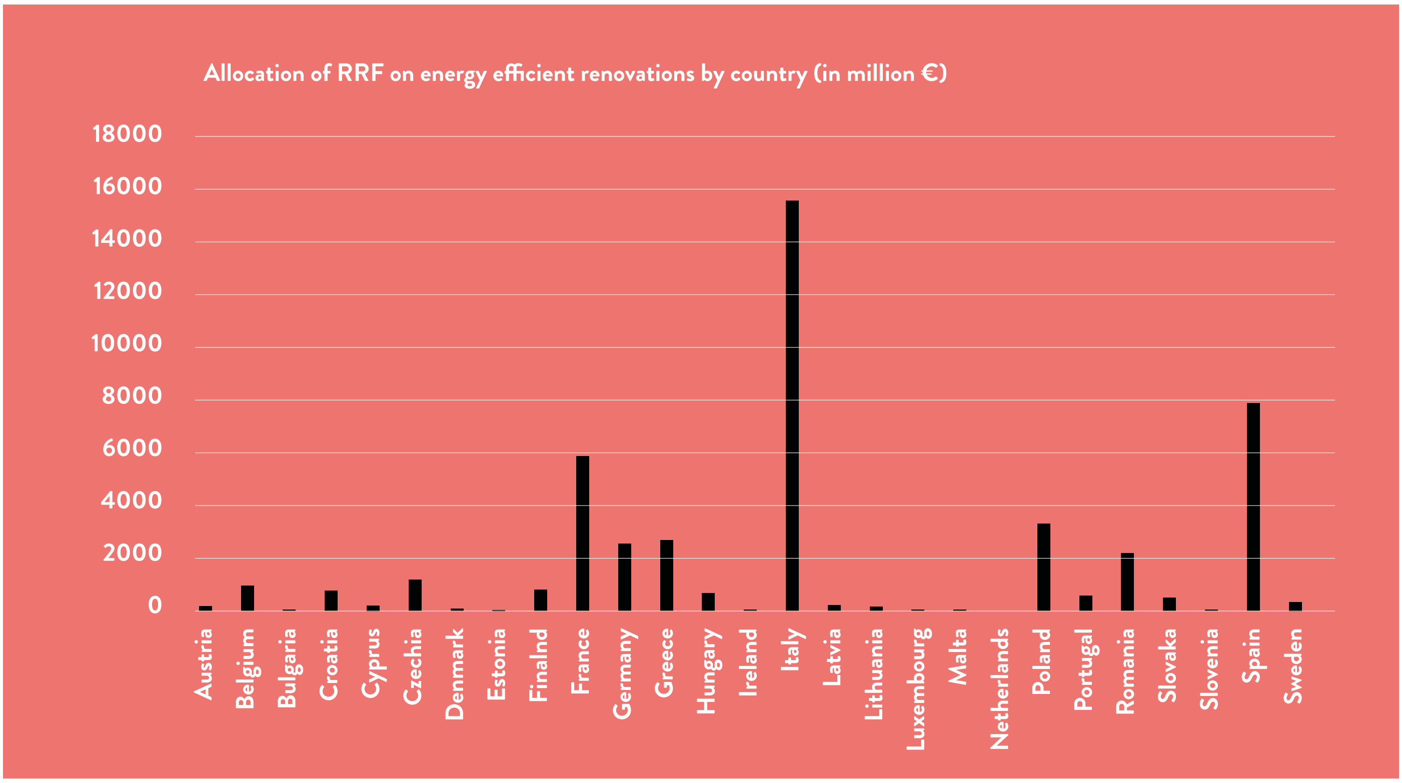
65 European Commission Communication of 17 sept 2020 https://ec.europa.eu/commission/presscorner/detail/en/ip_20_1658 and Template https://ec.europa.eu/info/files/commission-staff-working-document-draft-template-recovery-and-resilience-plans_en

66 Example of component of reforms and investments – Renovation wave aimed at enhancing energy and resource efficiency, European Commission https://ec.europa.eu/info/sites/info/files/component_renovation.pdf

67 Example: GDP, Inflation/wages, employment, unemployment, labour force participation, the social situation, including poverty or social exclusion and inequality risks (Social Scoreboard accompanying the European Pillar of Social Rights).

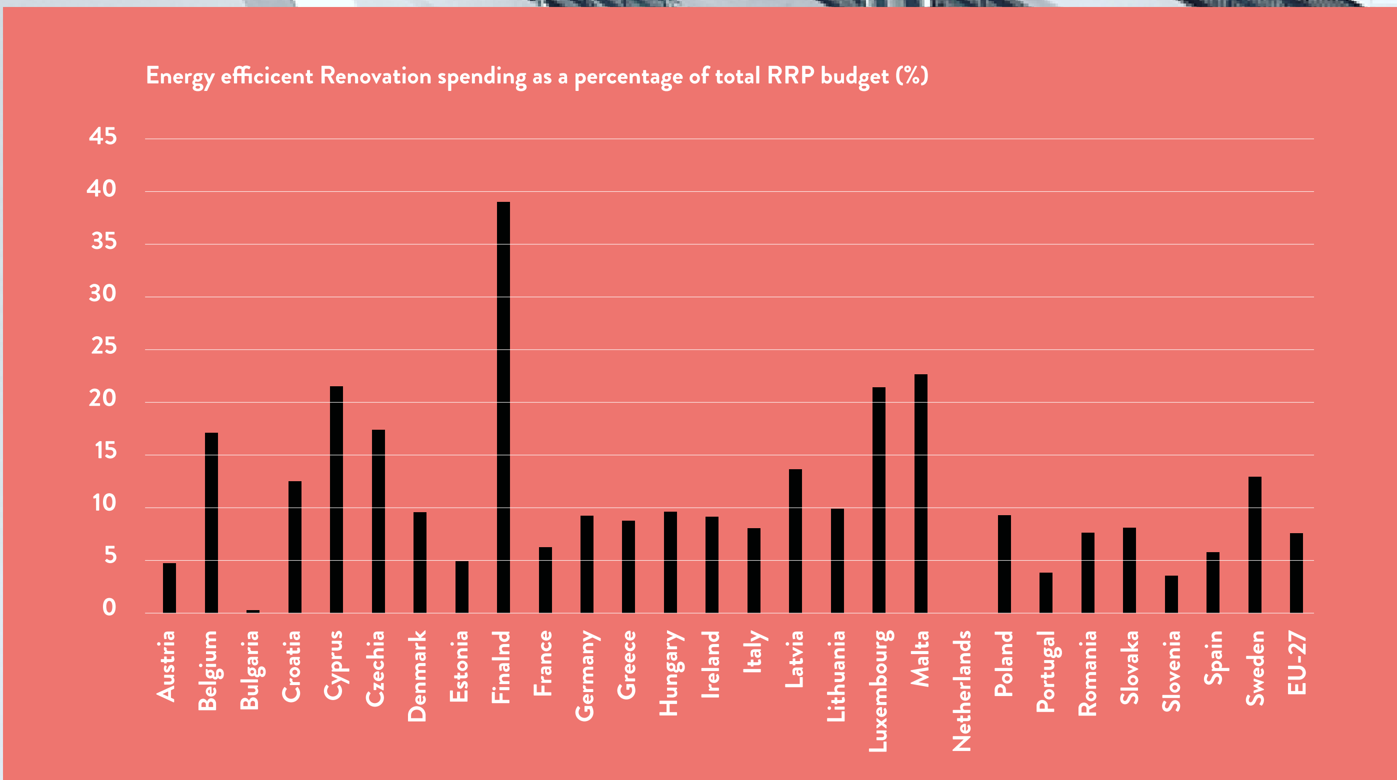
# Share of allocation related to the energy efficient renovation of buildings

According to our research, the total allocation to **energy efficient renovation**[68] will amount to a minimum of **€47.28 billion**.[69] The following countries put forward the biggest funding packages (in absolute terms) that include not only the renovation of public, but also private buildings:  Italy (€15.36 billion) is the champion, followed by Spain (€7.8 billion), France (€5.83 billion), Poland (€3.2 billion) and Germany (€2.5 billion).




If we assess the spending in terms of the share of these energy efficient renovation budgets compared to the national RRP, we get a slightly different list (see chart below): Finland (39%) will spend the biggest share of its budget, followed by Malta (22%), Cyprus (21%), Czechia (17.4 %), and Belgium (17%). On an EU27 level, spending on energy efficient renovation amounts to 7.43 % of the total national Recovery budgets.

68 The allocation includes renovation of private households as well as public/social buildings.
69 Data did not include the Netherlands.




With the Renovation Wave as a flagship area, as well as the pressure on the Member States to comply with EU targets, it is not surprising that the **national Recovery plans are heavily centred on renovation.** According to a recent paper of the University of Barcelona, **this could *pose several challenges for affordability and housing inclusion, as renovation can easily lead to rising housing prices.*** *This is doubly true, according to this research, when we consider that other spending areas of the Recovery Plans, such as investments in green infrastructure, mobility and connectivity, are also likely to raise land and property values.*[70]

70 Page 4, Beyond renovation: Addressing Europe's long housing crisis in the wake of the COVID-19 pandemic, Euro commentary, Carlos Delclós and Lorenzo Vidal, University of Barcelona.

# Share of allocation related to new affordable housing

Regarding new affordable housing construction, 10 countries put forward financing proposals amounting to **€5.51 billion in total,** Portugal being the most ambitious, with its €2.7 billion budget for the provision of affordable housing.

The ambition of these countries is a positive first step, after a period of public investment in housing development that was significantly below historical norms. However, **more could be done in addressing the current housing crisis, knowing that:**

- **37.8% of households at risk of poverty spend over 40% of their disposable income on housing, according to Housing Europe's '*The State of Housing in the EU 2019*' report.[71] 156 million people are at risk of poverty, as against 85 million before housing costs are taken into account;[72]**

- **According to EU Energy Poverty Observatory[73] more than 50 million households in the EU are experiencing energy poverty;**

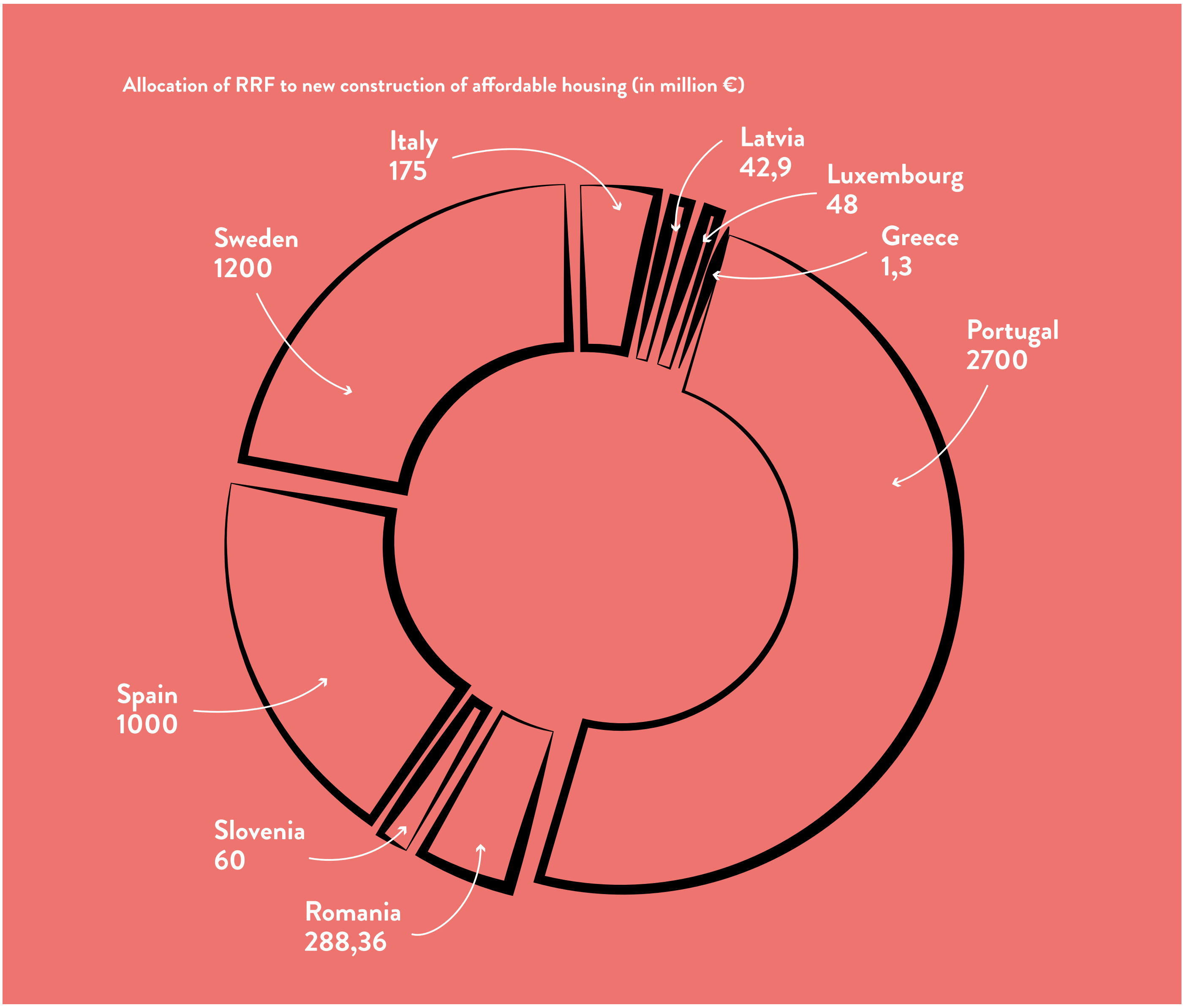
- **The European Federation of National Organisations Working with the Homeless FEANTSA[74] pointed out that "Staying Home" is definitely not an option for over 700,000 people in Europe experiencing homelessness.**

The housing crisis Europe is experiencing is also recognised by the European Commission's chapeau communication of 2020[75] that specifically asked Member States *'to **protect households that are overburdened by housing costs,** short-term measures may include temporarily suspending evictions and foreclosures or deferring payments of mortgages and rent for low-income families during the crisis, while **preserving financial stability and repayment incentives over the medium-term.'*** In addition, the communication states that ***'Investment in 'high impact' infrastructures can help addressing current policy trade-offs and societal imbalances.***

The European Commission also **agreed to loosen the State Aid rules,** enabling Member States to be more flexible and effective in their support measures.[76]

71 State of Housing in the EU, Housing Europe, 2019 https://www.housingeurope.eu/resource-1323/the-state-of-housing-in-the-eu-2019
72 EU SILC, 2019
73 https://www.energypoverty.eu/about/what-energy-poverty
74 COVID-19: "Staying Home" Not an Option for People Experiencing Homelessness, Feantsa, 2020, https://www.feantsa.org/en/news/2020/03/18/covid19-staying-home-not-an-option-for-people-experiencing-homelessness?bcParent=26
75 'Social fairness' axis, 'Chapeau' communication on the CSRs, European Commission, 2020 https://ec.europa.eu/info/business-economy-euro/economic-and-fiscal-policy-coordination/eu-economic-governance-monitoring-prevention-correction/european-semester/european-semester-timeline/spring-package_en
76 https://ec.europa.eu/commission/presscorner/detail/en/statement_20_479

With the Recovery Plans now finalised, **Member States may seem to have lost the momentum to allocate more RRF grants on affordable housing. However, there is still an opportunity to top this funding up with the ESIF and private investment in the future.** Enhancing and **improving the use of public private partnerships** should also be expanded further, by **using InvestEU and financing from national promotional banks. Setting up collaborative institutions** such as **specialised funds** based on evidence of what has already been proven to work in this regard[77] is also part of the available policy options.




77 Housing 2030: Effective policies for affordable housing in the UNECE region, 2021 https://www.housing2030.org/

# Link with the European Semester

Member States should look at all of CSRs addressed to them, in particular in the 2019 and 2020 Semester cycles. Unless the Commission has assessed the progress with these recommendations as 'substantial progress' or 'full implementation', all country-specific recommendations are considered to be relevant. However, Country reports do not seem to be very relevant.

**In 2019, five (Germany, Ireland, Luxembourg, Netherlands, Sweden), in 2020, four countries (Germany, Ireland, Netherlands, Sweden)** received housing specific recommendations from the European Commission. Other CSRs have been also relevant for the affordable housing sector that will be enumerated below.

## EXPLICIT ENGAGEMENT IN INVESTING IN AFFORDABLE HOUSING

The German Plan stipulates specifically that creating affordable housing is one of the most urgent social issues and therefore responding to the country-specific recommendations 2019 is key. In the years 2020 to 2024, the Federal Government will support the Länder in the **implementation of affordable housing** by providing **€1 billion in programme funds each year.**[78]

In addition, Germany is preparing its **Building Land Mobilisation Act** to improve the municipalities' scope for action in activating building land and securing affordable housing. It includes a number of facilitations for the creation of housing:

→ the possibilities of exemption from the provisions of a development plan and it is possible to include a small land in the outer area for housing construction;

→ the insertion of a new category of building area, **"village residential area"**[79], is intended to facilitate the more municipality-friendly design;

→ a temporary regulation to reduce the possibilities of converting rented flats into condominiums.

Component 3 ('Social and Economic Recovery and Job Creation') of the Irish Plan contributes to addressing the CSRs related to social and affordable housing (CSR 3 in 2019, and 2 in 2020).[80] This will be done though the **increase of the Provision of Social and Affordable Housing** and by **progressing the Affordable Housing Act** and the **Land Development Agency Bill.**

**Cyprus** is going to address the 2019 CSR4.1 and the 2020 CSR3.3 through Policy objective 2. It has an important relevance for the sector as measures will focus on energy upgrade schemes for public and private buildings.

Finally, an explicit measure, responding to the CSR has been put forward by **Luxembourg:** Component 1 **'increase the offer of affordable and sustainable public housing'.** The measure of a €51.46 million funding package (of which €24 million is covered by the RRF) aims to build affordable public housing and increase the public stock by acquiring on the real estate market that will undergo a major renovation work.[81] In addition, the **legislative recast of the Housing Pact** aims at better targeting the governmental support to municipalities to create affordable housing, and to better use the existing residential housing and land.[82]

## TERRITORIAL COHESION THOUGH IMPROVING REGULATION

It is worth mentioning **Romania,** which will implement the highlight of the 2020 Country Report which noted the excessive bureaucratic requirements in terms of the regulations around permits/authorisations, especially in the field of spatial planning, urban development and construction. This includes both primary and secondary legislation. Therefore, Romania will invest **in the simplification and digitisation processes until 2023.** Urban planning documents will be uploaded to a **single national platform, the National Territorial Observatory**[83]. The country will also develop a **one-stop shop system for obtaining the necessary planning certificates,** permits and agreements and building permits. These legal reforms will not be financed by the NRRP.

78 Page 248, German Plan, April 2021.
79 Page 249, German Plan, April 2021.
80 Page 37, Annex to the Proposal for a Council decision https://ec.europa.eu/info/sites/default/files/com-2021-419_annexe_en.pdf
81 Page 45, Luxembourgish Plan, June 2021.
82 Page 31-32, Analysis of the European Commission on the Luxembourgish RRP https://ec.europa.eu/info/system/files/com-2021-332_swd_en.pdf
83 More on the Platform: https://ot.mdrap.ro/website/maps/

Country-specific recommendations (2020) also ask Romania to prioritise investment in the green transition. Therefore, Romania **will improve the legal and policy framework for energy efficiency and circular economy.**[84] This reform will be financed by **the RRF, with €250 million and the Technical Support Instrument will be also used** for the development of the Circular Economy Strategy, and the improvement of the public procurement system.[85]

The approach of Portugal is similar; it is addressing challenges such as reducing social and territorial inequalities and strengthening internal cohesion. The Plan aims to address these issues through **the provision of lifelong health services; affordable housing policy;** strengthening social responses to older people within the drive to **deinstitutionalise care; addressing child poverty; targeting people with disabilities and people living in poverty** and exclusion in metropolitan areas; and, the upgrading of the skills and competences. The overall set of investments and reforms is also expected to address inequalities, notably by especially focusing on vulnerable groups.

The plan also promotes investment for the **climate and green transition** (CSRs 2019 and 2020) through Component 13 – Energy Efficiency in Buildings and introducing interventions that generate energy from renewable sources (for example Component 14 – Hydrogen and Renewables).[86]

## FOCUS ON THE GREEN DEAL

In the 2020 CSRs, Finland was asked to **focus investment on the green economy,** and transition, in particular clean and efficient energy production and use, **sustainable and efficient infrastructure,** and research and development. That is why the deployment of future-proof, clean technologies are prioritised in the Plan, such as the development and use of renewable energy sources and modernised networks.[87]

Spain joins Finland in promoting private investment, as suggested by CSRs 2020[88] and 2019,[89] and the country is going to **focus investment on the green and digital transition,** in particular on fostering research and innovation, clean and efficient production and **use of energy,** energy infrastructure, water and waste management. Adapting to climate change, ensuring a more efficient system of water and waste management, further **decarbonising energy, and increasing energy efficiency** are challenges that the RRP will contribute to addressing.

84 Page 346, Romanian Plan, June 2021.
85 Page 27, Assessment of the European Commission about the Romanian RRP https://ec.europa.eu/info/sites/default/files/swd2021_276_en.pdf
86 Page 55, Assessment of the European Commission on the Portuguese RRP https://ec.europa.eu/info/system/files/com_321_7_swd_en.pdf
87 Page 31, Finnish Plan, June 2021.
88 CSRs 2020.3.3, 4, 5, 6 and 7.
89 CSRs 2019.3.1, 2, 3, 4 and 5.

The Lithuanian Plan will implement a similar CSR from 2019 **- increase energy and resource efficiency,** sustainable transport, while taking into account regional disparities[90]- through its Green Transition component, which aims to develop a climate-neutral economy.

The same goes for the Polish Plan, which even surpasses the Lithuanian agenda in many areas. Poland foresees different reforms to accelerate **private investment in the green area.**[91]

The Danish plan also focuses on measures to improve efficiency in the clean and efficient production and use of energy (CSR 2.3 of 2020, some progress). Denmark will accelerate the conversion from oil and gas furnaces to electrical heat pumps, district heating and energy renovations in private and public buildings.

Finally, the Czech and Croatian plans tackle the recommendation **to focus investment on the green and digital transition,** by promoting **investments in clean and efficient energy,** the improvement of water and waste management and the **decarbonisation of buildings** (CSR 2019.3.3 and CSR 2020.3.8)[92] as well as **clean and efficient production and use of energy** (CSR 3 from 2020).[93]

## FOCUS ON SOCIAL INCLUSION AND POVERTY REDUCTION

Slovenia was following the CSRs related to risk of poverty and social exclusion and linked its affordable rental housing scheme to these:[94]

→ CSR 2019: '*The proportion of the population at risk of poverty or social exclusion has decreased, but for older people remains above the EU average.*'

→ CSR 2020: '*To mitigate the social consequences of the COVID-19 crisis, it is essential that Slovenia continues to provide adequate social benefits and compensation package...*'

Similarly, the Latvian Plan includes a set of investments that address the CSRs in 2019 and in 2020, notably those in the areas of **social inclusion,** such as research and innovation; investments, such as **green** and digital **transition, affordable housing** to improve regional labour mobility.[95] Its affordable housing construction scheme will be a tool to address that.

## DE-INSTITUTIONALISATION OF LONG-TERM CARE

Beyond the energy efficient renovation measures (following the CSR 3.2 2019 and 3.6 2020), the **Belgian** Plan is going to address the **de-institutionalisation of long-term care,** following the CSR 1.3 of 2019.

Component 4.3 includes **investment in social housing in Wallonia,** with some of it to be equipped with **assistive technologies in order to support the independent living of people with disabilities and elderly people.**[96]

Greece is tackling different recommendations: The plan presents a number of investments promoting **renewable energy** and electricity interconnection, **increase the energy performance of public, residential and non-residential buildings,** the **renewal of urban areas,** safe and sustainable logistics, environmental protection, infrastructure, and very-high-capacity digital infrastructure.[97] Furthermore, under Component 3.4 the Plan is also taking into consideration the Action Plan of the European Pillar of Social Rights, and is going to invest in **independent living assistance** for people with disabilities, **social reintegration of Roma, homeless and refugee populations,** and a **social housing pilot programme.**

Finally, the “Estonia 2035” roadmap sets out a number of reforms,[98] tackling almost all the country-specific recommendations put forward in the Semester process. It will **concentrate on accelerating the implementation of public investment projects; and promoting private investment, with a focus on the transition to a green economy;** and digital technologies, the area of health and sustainable energy infrastructure, and **promoting innovation, and resource and energy efficiency.**

90 Page 27, Lithuanian Plan, June 2021.
91 Page 60, Polish RRP, June 2021.
92 Page 36, Assessment of the European Commission on the Croatian RRP https://ec.europa.eu/info/sites/default/files/com-2021-401_swd_en.pdf
93 Page 69, Annex to the Proposal of the European Commission to the Council on the Czech RRP https://ec.europa.eu/info/sites/default/files/com-2021-431_annexe_en.pdf
94 Page 443, Slovenian Plan, April 2021.
95 Page 3, Proposal of the European Commission on the approval of the assessment of the Latvian RRP, https://ec.europa.eu/info/system/files/com-2021-340_en.pdf
96 Page 38-39, Assessment of the European Commission on the Belgian RRP https://ec.europa.eu/info/system/files/com-2021-349_swd_en.pdf
97 Page 45, Assessment of the European Commission on the Greek Plan https://ec.europa.eu/info/system/files/com_328_6_swd_en.pdf
98 Page 14, Estonian Plan, June 2021.

# Link with the NECPs

The NECPs are expected to emphasis specific components that could help to support the recovery of the EU economy. Priorities overlap with those of the Recovery and Resilience Facility, in particular on the green transition, **building renovation and affordability, energy-efficient housing, and the deployment of renewables.**

The European Commission has required Member States to provide indications in their national Recovery Plan on how they will ensure consistency and complementarity with NECPs.

According to the latest data, **a moderate consistency with the NECPs can be observed** and that is due to:

- the outdated data that numerous countries based their NECPs on;
- the lack of clear aims and conditionalities;
- missing monitoring instruments;
- lack of a holistic approach in the development of energy efficiency related measures;
- absence of using the Taxonomy for Sustainable Investments as a benchmark for climate-proof investments;
- underusage of innovative technologies despite their potential in energy efficiency;
- insufficient dedicated investments.

## SOME EXAMPLES ARE AS FOLLOWS:

In Austria, the NECP was prepared in 2019 and it seems to be very 'understated' in its ambitions. The measures in the Recovery Plan **follow the policy objectives of, and the challenges identified by the NECP**[99] and puts the main focus on measures supporting the green transition accounting for €2 billion.[100] However, according to the assessment of the European Commission, reaching EU and national climate targets will require **"broadening and improving the pricing of GHG emissions"**.[101] In terms of energy efficiency, Austria is **not on track to meet its target,** therefore additional efforts should be made in this regard. It is a different assessment of the European Commission in terms of renewables. Austria is on track to meet its EU renewable energy target; however **significant investment is still required.**

The Slovakian Plan is similarly based on outdated climate and energy strategies – the Low Carbon Strategy and the National Energy and Climate Plan – which were already obsolete when they were published in 2020 (thus not in line with 2050 EU climate targets). Thus, the **€220 million allocated to renewable energy generation are insufficient to fully exploit the potential** of renewables, especially after years of legal restrictions on the expansion of renewables.

However, Slovakia's efforts are still deserving of some recognition.

The country has been pursuing an ambitious renovation programme for multi-apartment and public buildings, and following Eurostat's new rules, it embraced **energy performance contracts** and prepared e**nabling legislation.**[102]

The effect of the Plan depends on whether its implementation will be accompanied by additional measures, and whether there will be complementary reforms.[103]

In Bulgaria, the NECP is only partially coherent and consistent with the EU objectives. The Plan **lacks a holistic approach** and there is no foreseen measure such as carbon taxes or green taxation. Some innovative technologies may bring up to 70% efficiency, but only with the help of more investments.

In Slovenia, there is also only a partial overlap with the NECP, such as the **public revolving fund,** and the proposed **investments in RES.**

The French Plan contains a moderate contribution to the transition towards a climate neutral economy as the green spending share is only 23%, below the 37% EU objective. **Measures themselves are not linked to legally binding acts.** There are neither specific targets nor conditionalities given (e.g. reduction of CO2-emissions in tons) and it is not evident how and on what basis the funds are allocated.[104] The situation with the Italian Plan is similar, as the aim of the measures, in terms of CO2 reduction, is not clear.

99 Page 51, Assessment of the European Commission on the Austrian RRP https://ec.europa.eu/info/sites/default/files/com-2021-338_swd_en.pdf
100 Page 30, Assessment of the European Commission on the Austrian RRP https://ec.europa.eu/info/sites/default/files/com-2021-338_swd_en.pdf
101 Page 14, Assessment of the European Commission on the Austrian RRP https://ec.europa.eu/info/sites/default/files/com-2021-338_swd_en.pdf
102 Page 12-13, Assessment of the European Commission https://ec.europa.eu/info/system/files/com-2021-339_swd_en_0.pdf
103 https://www.greenrecoverytracker.org/country-reports/slovakia
104 https://www.greenrecoverytracker.org/country-reports/france

The European Commission's assessment of Germany's Plan finds that it devotes **at least 42% of its total allocation** to measures that support climate objectives. This includes measures with a particular focus on renewable hydrogen, investments in sustainable mobility, and the **renovation of residential buildings to improve their energy efficiency and a higher share of renewable energy for heating and cooling.** However, this is simply not enough to meet the scale of the challenge and bring the German building stock onto a path towards climate neutrality. In addition, climate-oriented structural reforms (e.g. fiscal reforms) and climate-friendly monitoring instruments are missing from the Plan.[105] According to the European Commission, without **additional funding** and a **reform of energy efficiency standards,** the German building stock risks remaining unrenovated.

Belgium is not on track to reach its renewable energy targets either, nor the target for energy efficient renovations. Belgium aims to reach 17.5% in 2030, but this ambition is significantly below the 25% share calculated using the formula in Annex II of the 'Governance Regulation'.[106] In addition, as the European Commission says, contributions to the energy efficiency target lack ambition. The energy-efficient **renovation of buildings represents a major challenge for reaching the 2030 targets.** Despite supportive measures (grants and tax incentives) the yearly renovation rate of the housing stock stood at 0.4% in recent years. Renovation is also held back by bottlenecks affecting the construction sector like **long building permit delays** and **shortages in skilled construction workers.** Low taxes on heating fuels (oil and gas), combined with relatively high electricity prices, do not incentivise households to invest in energy-efficient heating solutions.[107] Climate-oriented structural reforms and **climate-friendly monitoring instruments are missing.**[108]

The Polish NECP is clearly fossil fuel centred. However, the **Recovery Plan seems to be much more ambitious, with 39% of its budget dedicated to the green transition.** The NECP lacks tangible targets attached to the measures proposed, and it is likely that Poland will need to adopt a new long-term energy and climate strategy that is more consistent with EU objectives, whilst it will also have to adjust its planning frameworks.

In other countries, like Finland and Portugal, the Plans go beyond the EU requirements:

Finland introduced a number of measures on green transition, and its primary objective is **making Finland a world leader** in the production of hydrogen-based energy and circular economic models, as well as in emission-free energy systems. In Portugal, green transition of buildings is going even beyond energy efficiency, and includes circular economy. Measures in the Plan are **aligned with the National Energy and Climate Plan (NECP)** for 2021-2030 and the roadmap for carbon neutrality in 2050 (RNC2050).[109]

Finally, **most countries are well aligned with the NECP** such as Italy, Ireland, Romania, Greece, Croatia, Denmark and Spain. **However, further public investments would be needed in the future to reach EU targets.**

Italy sets **sufficiently ambitious targets for energy efficiency** in the NECP and the building sector has a central role in meeting the energy efficiency targets. The Recovery Plan includes reforms and investments that will facilitate reaching climate and energy targets for 2030. Notably, the "Green Transition" pillar of the Plan supports the transition towards a low-carbon energy system, with increased participation of Renewable Energy Sources in energy consumption, improved energy efficiency of the domestic building stock. The Plan envisages also to update and strengthen the National Fund for Energy Efficiency. However, despite the significant investment, the European Commission says in its assessment that **substantial amounts of additional public funding** will be needed to mobilise the total volume of investments necessary to deliver on the objective of the national energy and climate plan, in particular once the 'Superbonus 110%' policy expires (30 June 2023 for public social housing companies - 31 December 2022 for anyone else).[110]

The situation in Spain is similar, despite the fact that the Spanish Plan includes significant investment in the energy renovation of buildings (€7.8 billion). According to the European Commission, despite the significant investment, **additional public funding will be needed to deliver on the energy savings objectives of the NECP.** This means in particular to **ensure a relatively higher leverage factor for private investments.** The NECP plans to leverage private funds equivalent to three times the volume of public funds, which is higher than what the component is likely to achieve in practice. In this context, a **regulatory reform is foreseen** in the component to foster private investments, notably by **facilitating communities of owners to borrow and by providing Instituto de Crédito Oficial (ICO) guarantees to banks for lending** for this purpose.[111]

The Greek plan includes reforms and investments serving all five dimensions of the NECP and Greece's ambitious decarbonisation goals. The latter focuses on renewable energy, energy efficiency

105 Rethink the Recovery, *Is Germany taking a rocket to a transformed future or catching an old train back to 'normal'?* (2021) .
106 Page 12, Assessment of the European Commission on the Belgian RRP https://ec.europa.eu/info/system/files/com-2021-349_swd_en.pdf
107 Page 13, Assessment of the European Commission on the Belgian RRP https://ec.europa.eu/info/system/files/com-2021-349_swd_en.pdf
108 Rethink the Recovery, Is Germany taking a rocket to a transformed future or catching an old train back to 'normal'? (2021).
109 Page 43-44, Assessment of the European Commission on the Finnish Plan https://ec.europa.eu/info/system/files/com_321_7_swd_en.pdf
110 Page 63, Assessment of the European Commission on the Italian Plan https://ec.europa.eu/info/system/files/com-2021-344_swd_en.pdf
111 Page 75, Assessment of the European Commission on the Spanish Plan https://ec.europa.eu/info/system/files/com_322_4_swd_en.pdf

and clean mobility.[112] The Plan also takes into account the recommendation of the European Commission on the **need to ensure a just transition, in view of tackling the challenge of energy poverty.**[113] Finally, the Loan Facility is designed to allocate at least 37% of the value of the loans' portfolio towards the green transition.

At the same time, the European Commission finds that **substantial amounts of additional public funding will still be needed to mobilise the total volume of investments necessary** to deliver the total energy savings required to achieve the objective of NECP. Furthermore, as the Commission pointed out in its NECP assessment, **energy poverty** is a significant problem in Greece, and it needs to address this issue to a great extent over the next 10 years.[114]

The measures in the Danish Recovery Plan are aligned with the NECP, and the government's overall objective of reducing GHG emissions by 70% by 2030 (compared to 1990 levels) and becoming climate neutral by 2050. The most important initiative in the plan is the promotion of the green tax reform. The 'energy efficiency, green heating and CCS' component contains measures to improve the energy efficiency of households, industry and public buildings.[115] **The NECP however estimates additional investment needs of DKK 10-30 billion (€1.3-4bn) for each of these three sectors until 2030.**

In Ireland, while the Plan is consistent with the NECP, the **contribution** to the EU energy efficiency target still remains **low in ambition.** This means that the country requires mitigation efforts to be significantly intensified. However, the climate Action Plan represents an outstanding initiative for the entire economy, and some important measures have already been implemented. In order to fulfil such a level of ambition, the European Commission warns that additional policies and measures will need to be rapidly devised under the climate action plan and a revised NECP.[116]

In Cyprus and Romania, the conclusion of the European Commission is the same: **investments should be boosted in increasing renewable energy generation** in order to achieve the targets.[117]

The Croatian Recovery Plan is consistent with the NECP and it will invest €789 million in the area. However, the NECP **estimates investment needs of around €19 billion for the 2021-2030 period.**[118] Therefore, **further investments in building renovations and energy efficiency would be needed** and additional efforts should be made in order to **leverage additional private capital** and to uphold the Energy Efficiency First principle.[119]

Finally, although Czechia dedicated 41.6% of the total allocation (€2.9 billion) to climate-related actions, thus serving all 5 priorities of the NECP, a renovation rate of 3% in the residential sector would be needed, together with additional incentivising investments in renewable energy resources and additional public funding in order to achieve the targets.[120] Current allocations are not in line with achieving this.

112 Page 27, Assessment of the European Commission on the Greek Plan https://ec.europa.eu/info/system/files/com_328_6_swd_en.pdf
113 Page 35, Assessment of the European Commission on the Greek Plan https://ec.europa.eu/info/system/files/com_328_6_swd_en.pdf
114 Page 69, Assessment of the European Commission on the Greek Plan https://ec.europa.eu/info/system/files/com_328_6_swd_en.pdf
115 Page 26, Assessment of the European Commission https://ec.europa.eu/info/sites/default/files/com-2021-326_swd_en.pdf
116 Page 14-15, Assessment of the European Commission about the Irish RRP https://ec.europa.eu/info/sites/default/files/com-2021-419_swd_en.pdf
117Page 65, Assessment of the European Commission https://ec.europa.eu/info/sites/default/files/com-2021-398_swd_en.pdf
118 Page 24, Assessment of the European Commission on the Croatian RRP https://ec.europa.eu/info/sites/default/files/com-2021-401_swd_en.pdf
119 Page 52, Assessment of the European Commission on the Croatian RRP https://ec.europa.eu/info/sites/default/files/com-2021-401_swd_en.pdf
120 Page 62, Assessment of the European Commission on the Czech RRP https://ec.europa.eu/info/sites/default/files/com-2021-431_swd_en.pdf

# Energy efficient renovation programmes

Italy's allocation is the most spectacular among the Member States, amounting to almost double that of France. Italy will dedicate a significant part of its 'Green revolution and ecological transition' Priority for *'Energy efficiency and building redevelopment'* (in total: €15.36 billion) of which the **"Energy efficiency and seismic private and public residential building"** measure amounts to **€13.81 billion.** It will be implemented with the help of the 'Ecobonus' and 'Sismabonus' programmes.[121]

The Superbonus 110% is a housing tax deduction with the objective to achieve 190 ktoe/year of energy savings from the residential sector. The measure will support energy retrofit, anti-seismic renovation, photovoltaic panels. Beneficiaries include, among others, private households (businesses are excluded), **condominiums, cooperatives of individual property houses, public providers, IACP (Autonomous Institute of Popular Housing) and other entities with the same social purpose.**

Spain is the second to Italy in terms of the scale of its investments, with its €7.8 billion budget dedicated to the energy renovations of residential and public buildings. Planned programmes include, but are not limited to, two schemes to support energy renovations at the neighbourhood level (€2.4 billion), a programme for the construction of energy efficient social housing (€1 billion), a regeneration programme (€ 1 billion) and a 'Public Buildings Rehabilitation Programme' (€758 million).

France is planning ambitious programmes in different sectors, and will spend an overall **€6.7 billion budget for the thermal retrofitting of public buildings (€4 billion for schools and administrative buildings, €500 million for social housing) and private buildings** (€2 billion for housing, €200 million for SMEs/VSEs).

Poland will use **€3.2 billion** for the replacement of heat sources and improvement of energy efficiency in residential buildings. The implementation is **co-funded within the Clean Air Programme** that will directly contribute to a significant reduction of pollutant concentrations in the air. Investments in energy efficiency in multi-family housing will be realized within the **'Subsidy Fund' and the 'Modernisation and Renovation Fund'.**

Germany earmarked **€2.5 billion** in its Plan and in the national recovery package, which will boost Germany's existing **energy renovation funding programme** (CO2-Gebäudesanierungsprogramm BEG). Also, **€100 million will support municipalities** in their climate initiative and **€70 million** is given to **support the building development with wood and the introduction of Building Information Modelling (BIM)** into the planning and manufacturing process.

Czechia has put forward an ambitious **€632 million financing** envelop **for building renovation,** which will support **project preparation,** the installation of **new renewable energy sources, the replacement of non-compliant combustion sources with gas condensing boilers,** as well as training and the establishment of **energy communities.**

Austria will dedicate €209 million for the renovation wave out, of which €158.92 million will go to the transition from oil and gas heating systems. The investment consists of a **support scheme for private individuals** to replace fossil fuel heating system with biomass-based heaters, heat pumps or connectors to district heating.

As for Belgium, out of its €5.9 billion grant support from the RRF, more than **€1 billion will be dedicated to renovate public and private buildings, as well as the social housing stock.** The Walloon RRP for example puts nearly 30% of the EU recovery money to the renovation of the buildings and housing sector.

The ambition concretely is to renovate 1.3 million m² of public buildings and 240,000 additional private residences (including social housing). Reforms include improved energy subsidy schemes in Wallonia, the Brussels region and the German region.

The Portuguese Plan intends to intensively support the renovation of residential (€300 million), central public administration (€250m) as well as service buildings (€60m). It is also known that energy efficiency solutions will improve the living conditions of **100,000 families in situations of energy poverty.**

121 The programmes give the possibility to deduct up to 110% of expenditure incurred for the type of works from income taxes (in 5 yearly instalments).

Similarly, Denmark has also separated its programmes based on different types of buildings. The programme for 'Energy Renovations in Public Buildings' (€40 million) and a programme for 'Energy Efficiency in Households'[122] (€63 million). Moreover, a programme on 'Replacing Oil Burners and Gas Furnaces' (€65 million) aims at phasing out oil and natural gas from the heating system, replacing them with **electric heat pumps and district heating from renewable sources.** The measure will provide **subsidies for vulnerable households.**

In Ireland, the RRF allocation of **€90 million will contribute to the de-risking a low-cost 'Residential Retrofit Loan Scheme'** through the use of loan guarantees (€30 million); and to a 'Public Sector Retrofit Pathfinder' project to undertake the deep retrofit of public office accommodation.

## RURAL HOUSING

In some countries, **programmes for rural housing rehabilitation** were set up, such as in Denmark (30 billion DKK (€4billion) from the non-profit housing sector controlled National Building Fund[123] for the period 2021-2026). However, this is not going to be supported by the RRF.

In Romania, interventions to improve the quality of life in rural areas include **construction of housing for education and health specialists, including passive houses.**[124] The construction of these will hopefully help to make it more attractive for specialists to work in those localities, helping to overcome the difficulties of attracting skilled workers to rural areas. The refurbishment, modernisation, extension, and construction of nZEB **public buildings** in rural areas intiaitive will also receive an allocation of **€375 million.**

Estonia focuses a great deal of attention on rural areas, in terms of promoting integrated renovation there. So far, more than 60% of the subsidies for renovation have been used in Tallinn, Tartu and their surrounding municipalities. In **rural areas, a large number of apartment buildings are in need of renovation.** KredEx will develop solutions for rural areas and will also **advise and support housing associations, individual households and local authorities** in the legal, technical and the financial fields. The support also includes innovative solutions, such as the **use of factory-produced batteries** to increase Estonia's renovation capacity and to reduce energy consumption, as well as the environmental impact of reconstruction. Target groups are urban and rural housing associations, local authorities, municipalities and regional development centres. The Funding tool will be the newly established Housing Investment Fund which is going to support **energy efficiency upgrading of 8,400 apartment buildings** over a 30-year period. The Fund will attract private

122 Page 17, Annex to the Proposal for Council Decision https://ec.europa.eu/info/system/files/com-2021-326_annexe_en.pdf
123 The National Building Fund is a private fund financed by the tenants in the Danish social and non-profit housing sector. Read more here https://www.housingeurope.eu/blog-1559/the-national-building-fund
124 Page 812, Romanian Plan, June 2021.

equity and external fund investments with an estimated volume of up to €100 million.

Spain will mobilize more than 10% of the Spanish Recovery Plan for rural areas[125] including measures **to improve energy efficiency and renewable energy generation projects;** and the promotion of the bioeconomy and the **conservation of biodiversity to contribute to a better quality of life** for the population.[126] Two major decision criteria are outstanding: the **gender perspective** and the **younger generations.** The Plan's €1 billion regeneration programme is a good example. It is going to support **renovations of buildings in municipalities and urban areas with fewer than 5,000 inhabitants.** At least 26,000 dwellings will benefit from the scheme.

## AGREEMENT WITH MUNICIPALITIES

Some Governments also entered in **financial agreements with municipalities,** in order to boost construction. Denmark introduced a significant **increase in municipal and regional construction ceilings** for 2021. This amounts to a total of DKK 2.7 billion (€360m) in 2021 and it responds to an increase of the local construction framework of around 3.2 billion DKK (€430m) including VAT.

Denmark is also setting up **two 'energy islands',** aimed at making the heating sector greener, ensure better recycling of Danes' waste and **increased energy efficiency.**

It is also worth mentioning that Germany will create **municipal laboratories on energy transition** to investigate and demonstrate new solutions for the efficient and sustainable energy supply of urban districts. The technical and non-technical innovations will be tested in a real environment. At least four collaborative projects are to be realised, comprising a total of at least 10 neighbourhoods.[127]

Poland is going to establish a 'Green Urban Transformation Fund', co-managed by local governments. The fund will finance **bottom-up projects** resulting from regional, supralocal and local development strategies, as well as Urban Adaptation Plans, aiming at achieving  climate transformation of cities and increasing their development potential, including: investments concerning **air quality improvement,** green infrastructure, nature-based urban investments, improvement of **energy efficiency of buildings,** creation of multifunctional open spaces, development of strategic documents on **adaptation to climate change.**[128]

Greece is planning to help its municipalities with the preparation of **Local Urban Plans** to implement the urban policy reform by the end of 2025. The €250 million reform will not only help with the preparation of Special Urban Plans, but also with the definition of the Development Rights Transfer Zones, and the delimitation of settlements, as well as addressing land use issues related to recognition of (municipal) road access. The reform shall **address weaknesses and gaps in zoning and land use.** The Local Urban Plans shall include a dedicated chapter on climate change measures and prevention and management of climate related risks. Overall, Local Urban Plans will be produced for 700 municipalities or municipal units.[129]

Finally, the Flanders region of Belgium plans to establish a **Research Platform on the energy transition with €26.5 million** and an **energy island on national level, with the help of €100 million** in funding.

125 Spanish Ministry of Ecological Transition (MITECO), El Plan de Medidas ante el Reto Demográfico destinará más de 10.000 millones y 130 políticas activas a luchar contra la despoblación y garantizar la cohesión territorial y social (March 2021).
126 El Diario,  El reto demográfico movilizará más de 10.000 millones de euros de inversión asociada al Plan de Recuperación (March 2021).
127 Page 261, German Plan, April 2021.
128 Page 34, Polish RRP, June 2021.
129 Page 13, Annex to the Proposal for Council decision https://ec.europa.eu/info/system/files/com_328_1_annexe_en.pdf

## PPP AND ONE-STOP SHOPS

The Greek Plan aims to mobilize forces from the private sector, boosting private investment and **using Public-Private Partnerships** to make significant public investment efforts. Greece also aims to put financial effort into hydro power, battery storage, and PV arrays will be included among plans for around **€1 billion to be invested in upgrading the national building stock, through measures such as energy efficiency improvements and smart energy systems.**

Cyprus seems to be along the same lines with its plan to establish **Digital One-Stop Shops to streamline RES projects permitting and to facilitate Energy Renovation in Buildings.** A **grant scheme** will cover 70-80% of investments for large scale energy efficiency and RES measures in buildings, infrastructure, and **social housing.**

Spain is going to extend its existing Renovation offices ('one-stop-shop') set up in some municipalities to **accompany households and communities of owners in the highly complex tasks** of rehabilitating a residential building. This includes reinforcing coordination of all public support (at central, regional or local levels). All levels of government will be involved to maximise the effectiveness of actions.[130]

In Slovenia, the Plan includes the **establishment of a revolving fund for energy refurbishments in the public sector through ESCO financing** where capital intensive refurbishments with smaller energy savings potential remain un-refurbished.

Similarly, Bulgaria aims to develop a National Decarbonisation Fund that will be **supported by technical assistance from DG Reform** of the European Commission. The fund will be used **to offer grants, financial and technical assistance, combined with financial instruments** including credit lines and guarantees and/or a combination thereof.[131]

Poland will also tackle the issue with the EPC contracts and foresees the Amendment of the Law on Energy Efficiency to **clarify the situations in which Energy Performance Contracts (EPC) do not have the effect of increasing the level of public debt.** In addition, it provides for Modification of the energy savings obligation system by introducing the possibility of settling subsidy programmes. These programs will also allow participation of authorized entities (e.g. ESCOs) providing energy services to different entities.[132]

## MULTIAPARTMENT BUILDINGS' RENOVATION

**Multiapartment renovation programmes** are also part of the national Plans. In Estonia, €45 million will co-finance ESIF Funds for the renovation of apartment buildings. In Sweden, the government has proposed SEK 2.4 billion for 2022 and SEK 1 billion for 2023.

Lithuania also plans to implement a reform of the renovation of buildings, with the ambition to renovate 1,000 multi-apartment buildings per year until 2030, with an overall investment of €3.3 billion from RRF, national and private funding. It is planned to implement renovation projects using modular structures and reaching A or B class. Therefore, the estimated investment in these projects is higher (taking into account the increase in construction prices) – on average €400/m$^2$.[133]

Croatia put forward an ambitious financing package (€789 million) for investments and reforms, aiming to

130 Reform 5 under Component 2.
131 Page 58, Bulgarian Recovery Plan, February 2021.
132 Page 183-184, Polish RRP, June 2021.
133 According to the Ministry of Environment, an average multi-apartment building in Lithuania is about 1500 m2 (30 households).

encourage comprehensive renovation of buildings, **including energy renovation, structural reinforcement and post-earthquake renovation.** This will cover **multi-apartment dwellings**[134] **and public buildings** (including health and educational facilities), as well as buildings with the status of a cultural good.[135] The initiative includes reforms that shall support the process of renovation and decarbonisation of buildings, while addressing barriers in the construction market and social issues. Finally, the Latvian Plan includes measures with a focus on the improvement of energy efficiency in multiapartment and public buildings. In total €248 million (46% of investments) will target energy efficiency and multi-apartment buildings (€36.63 million), central governmental and historical buildings (€36.63 million), municipal buildings (€29.3 million) are all part of the areas of investment.

## TACKLING ENERGY POVERTY

As for the support for multi-family and single-family buildings, especially suffering from energy poverty, Austria, Bulgaria, Cyprus, Czechia, Estonia, Greece, Lithuania, Romania and Slovakia put forward ambitious plans:

Bulgaria plans between **€10 million and €17 million to co-finance energy efficiency and renewable energy projects** in private buildings, both for **multi-family and single-family buildings.** In total, the program is expected to benefit up to 10,680 households.

The initiative will **cover 100% of expenses only for those households most severely affected by energy poverty,** while it will contribute up to 50% for installation expenses in all other cases.[136] The measure is also designed to target smaller municipalities.

Also, Bulgaria promises to build **a special information system to enable the development of a database** for monitoring and reporting of the residential building renovation process. In terms of energy poverty, the country will **develop a definition of 'energy poverty' for households** in the Energy Efficiency Act, for the purposes of financing energy efficiency projects.

Cyprus targets the alleviation of energy poverty through **reduced energy and water bills, while improving affordability of housing and living conditions.** For that, Cyprus will **subsidise the implementation of small-scale energy renovations,** such as thermal insulation and energy efficient equipment, in at least **270 energy poor and disabled inhabitants' households by 2026.**

Under its Renovation wave related component, Czechia will introduce a **two-stage pre-project preparation for low-income households:** a basic assessment of renovation options, alternatives, investment intensity, energy cost savings, the possible level of subsidy and an overview of possible measures to renovate houses.

In **Slovakia,** support for modernisation of private buildings will continue through the State Housing Development Fund and ESIF 2021-2027 will also be used. The Plan proposed to provide **€528 million to renovate at least 30,000 family houses** to improve their energy and green performance, while reducing peoples' energy bills and greenhouse gas emissions, as well as adapting to climate change with water retention measures.[137] This measure should also include **supports for the most vulnerable groups.**[138]

A rather specific part of the Slovakian package is the improvement of **energy efficiency in housing with an allocation of €50 million for new gas boilers.** This is based on the presumption that low-income households would switch

134 In total, RRF funds will support the renovation of at least 225,000 m2 of private building stock.

135 Page 52, Assessment of the European Commission on the Croatian RRP https://ec.europa.eu/info/sites/default/files/com-2021-401_swd_en.pdf

136 Greenpeace Bulgaria, The Bulgarian antediluvian energy plan (2021). Bulgarian Council of Ministers, National Recovery and Resilience Plan, (draft as of February 2021) (in Bulgarian and English) Project A10.

137 50% of Slovakian housing stock is in family houses and the renovation rate of this stock compared to residential buildings is 48.9 %.

138 According to the feedback from Veronika Rehakova, Director, Ministry for Housing.

from cheaper fuels, such as wood and waste, to fossil gas – which is however significantly more expensive.

In Romania, a **grant scheme for resilience and energy efficiency** in residential/multi-family buildings will be established (€1 billion) for buildings that have been constructed before 2000.

As part of its 'Decarbonisation of buildings' reform, Croatia plans to **adopt the energy poverty reduction programme** in areas of special state concern for 2021-2025. The investment also aims to increase the use of renewable energy sources and encourage the use of development of green infrastructure and the circular management of buildings and spaces.[139]

The Estonian Plan will support the **renovation of 80 small residential houses** with €2.4 million coming from RRF.[140] After the renovation, the dwellings will comply with the energy performance class C or higher.

Lithuania will continue its impressive work, which started with the Jessica programme[141] in the previous period. The Recovery Plan highlights that energy poverty and regional disparities still persist[142] and it aims to solve the issue by **the development of offshore wind energy.** A new law will consolidate the support model for offshore wind and its principles. The draft law under consideration in the Seimas aims to establish equal tender conditions for all market participants.[143]

Austria will also join the team to tackle energy poverty. The €50 million support will include **thermal renovation of dwellings of low-income households prone to energy poverty (2,250 houses).** The integrated scheme is going to provide tailored support and funding for the renovation of family houses. Part of the investment will be dedicated to consultancy services and awareness raising.

Finally, Greece proposed an **energy poverty reform** under the Renovate component, that includes the **development of a National Action Plan** defining the phenomenon and a complementary monitoring process. The latter will help to propose policies and also assess their effectiveness in practice. In particular, it will provide for the provision of financial mechanisms for the energy upgrading of vulnerable households.

## NEW TECHNOLOGIES

Countries, such as Finland, are aiming high and want to be a leader in accelerating the uptake of environmental solutions and planning a **programme available to households for adopting new technological solutions.** In its Low-carbon built environment programme (€40 million), Finland plans to establish a support programme for R&D and innovation to accelerate investment and a knowledge base to support climate solutions and low carbon technologies.

Belgium aims to establish a renovation laboratory called RENOLAB (€13.43 million)[144] in order to **make sustainable renovation more attractive** and to contribute to the emergence of new services that fully support the renovation strategy, such as innovative financing, facilitation of urban planning, approaches allowing the adaptation of the heritage to energy ambitions, while respecting the identity of the building, grouping renovations by initiatives that try to **develop solutions to reduce fuel poverty by involving the poor in pilot projects;** concepts and tools that act on the "user pathway" to make renovation work more desirable, and which are based on the real motivations of households: comfort at home, preservation and improvement of the property's heritage value, health, etc.

139 Page 234, Annex to the Proposal of the European Commission on the Croatian RRP https://ec.europa.eu/info/sites/default/files/com-2021-401_annexe_en.pdf
140 Page 195, Estonian Plan, June 2021.
141 Case study, Jessica programme: https://energy-poverty.ec.europa.eu/practices-policies-toolkit/publications/epov-case-study-jessica-ii-fund-multi-apartment-building_en
142 Page 93, Lithuanien Plan, June 2021.
143 Page 94, Lithuanian Plan, June 2021.
144 Page 89, Belgian Plan, April 2021.

## ENERGY COMMUNITIES

In terms of supporting energy communities, Hungary will provide financial support for the **installation of community-owned renewable energy projects,** and it will also lay the foundation of new communities, through financing the cooperation of different local stakeholders. This community PV system program will be co-financed by ESIF.[145]

In Italy, investments are envisaged to **promote renewables for energy communities** and jointly acting renewables self-consumers, as well as to **develop offshore power production.** Firstly, the country will invest **€2.2 billion** in energy communities **in municipalities of less than 5,000 inhabitants.** Secondly, the Plan also aims at investing **€600 million** to develop offshore multipower systems, combining wind, **floating photovoltaic and wave motion power.**[146]

Poland will dedicate **€97 million** for the launch of its first energy communities, including new regulation, pilot models and capacity building. This cash might add **at least 1.5GW of photovoltaic capacity** in Poland, and it might help the creation of **more than 5,000 energy communities,** thereby radically changing the community energy landscape in Poland.

The Lithuanian regional dimension will be targeted by a **flagship energy community project** to improve the socio-economic environment in the Ignalina Nuclear Power Plant (IAE) region **by installing new solar power generation capacity.**[147]

Czechia dedicates €283 million for establishing ‘energy communities’, involving residential and entrepreneurial sector actively in renewable energy use as well as for awareness-raising and training focused on developing community-based energy.[148]

Last but not least, Spain will **foster citizens’ participation via renewable self-consumption and renewable/ citizen energy communities** with a budget of €100 million.[149] Development of energy communities will support **training, participatory and community building processes,** and support to specific **projects.** It shall implement 37 pilot projects with participation from the local community, with a roadmap of actions and future steps.

## FOCUS ON PUBLIC BUILDINGS

Some countries will focus their RRF resources on the **renovation of public buildings,** and private buildings are covered by different programmes. This is the case of **Czechia (€1.2 billion is provided for public buildings)** or **Romania** that put together a €1.17 billion grant scheme for energy efficiency and resilience in public buildings (including historic buildings).

Romania seems to be the only country focusing a great amount of budget for historical building rehabilitation **(€4.95 million)** and will also create a **pilot centre for the collection and re-use of historic building materials** from demolition. **€3.1 million** of the RRF will also support the maintenance of the rehabilitated buildings.

Ireland targets municipal housing retrofitting by establishing a **Public Sector Retrofit Pathfinder** project to undertake the deep retrofit of public office accommodation. In another programme, it targets poor home owners in a ‘De-risking a Low-Cost Residential Retrofit Loan Scheme’ (loan guarantees). The exact amount of the funding is not yet known.

The **Slovenian** Plan also forsees a component for the sustainable renovation of public buildings (€105.27 million excluding VAT, **€86.05 million**

145 Friends of the Earth Hungary, Közösségi energia https://mtvsz.hu/kozossegi-energia
146 Page 64, Assessment of the European Commission on the Italian Plan https://ec.europa.eu/info/system/files/com-2021-344_swd_en.pdf
147 Page 33, Assessment of the European Commission on the Lithuanian Plan https://ec.europa.eu/info/sites/default/files/com-2021-386_swd_en.pdf
148 Page 70, Annex to the Proposal of the European Commission to the Council on the Czech RRP https://ec.europa.eu/info/sites/default/files/com-2021-431_annexe_en.pdf
149 Page 77, Assessment of the European Commission on the Spanish Plan https://ec.europa.eu/info/system/files/com_322_4_swd_en.pdf

**RRF financing)** which focuses on the renovation and management of buildings of *exceptional administrative importance* (e.g. police, administrative infrastructure, civil protection, military barracks, health infrastructures, homes for the elderly and educational activities, culture...), publicly owned multi-apartment buildings (€5 million).[150] Slovenia also describes the possibility to establish a **public energy service company/ESCO contracting,** which would, in the future, carry out comprehensive renovation in the public sector. ELENA programme has provided co-financing for preparatory activities.

One tiny part of the RRF support for the Belgian Plan (€91 million) will support the renovation of public buildings such as the retrofit of the Palais de la Bourse de Brussels until 2023, of the Flemish and Walloon governmental buildings with an **innovative renovation facilitation system.**

Finally, **Finland**'s Plan will further-support the **replacement of building heating systems** from oil to low-carbon energy efficient heating **(€70 million)** whose grant scheme, which is available for home owners and municipalities, was already launched in 2013. In 2020, a subsidy scheme was also introduced for municipal buildings.[151] Residential buildings, and apartment blocks, including **social housing, are eligible for a separate national energy grant scheme for energy efficiency improvements,** which may include the transition from oil-based heating systems.

150 Page 62, Slovenian Plan, April 2021.
151 Page 75, Finnish Plan, June 2021.

# Adaptation and mitigation measures

Greece seems to excel so far on the approach to adaptation measures and with the help of EIB, it has developed an ambitious plan to build a resilient country. Relevant measures include:

→ **Extensive "save" programme for households,** businesses, public buildings and infrastructure;

→ Large investments in **flood control projects,** accompanied by changes in the use of irrigation networks and **smart water management** (estimated cost: €110 million);

→ Climate change **adaptation and mitigation interventions in 16 urban and coastal areas,** such as the **protection of urban landmarks** and the **promotion of the climate neutrality of cities** (estimates cost: €160 million);

→ Investments for the elaboration of urban plans that will inform validly regarding land use.[152]

Latvia plans to spend significant money on **'Adaptation of the disaster management system for climate** change (€36.63 million), investing especially in **flood and fire prevention.**

Slovenia plans to spend €335 million for **flood risk reduction and risk reduction projects for other natural resource disasters caused by climate change, such as landslides.**

Among the measures for the transition to a circular economy, €28 million has been earmarked to increase wood processing capacity.

Belgium will invest to be better prepared for longer periods of drought and more frequent heat waves through the **€291 million** 'Blue Deal' in Flanders (I-1.24) that will be channelled via **circular water use projects, better water retention and infiltration** through the creation and restoration of wet nature and valleys and increased water conservation in open spaces.[153]

Cyprus will provide **financial incentives** to help the local/wider public authorities and NGOs to **install large scale energy efficiency and RES measures in buildings,** infrastructure, and social housing. This will include the provision of a **Grant Scheme to local rural Community Councils** so that Climate Action Plans will contribute to the climate change adaptation efforts.

The Spanish resilience will be strengthened through measures to protect its natural capital and react to natural disasters. For instance, Component 4 (Ecosystems and biodiversity) includes the improvement of means and infrastructure associated with the p**revention and reduction of damage due to natural disasters.** Furthermore, Component 5 (Coastal and water resources) includes actions to **mitigate flood risk through**

152 Page 35, Annex to the Proposal for Council decision on the Greek RRP https://ec.europa.eu/info/system/files/com_328_1_annexe_en.pdf
153 Page 67, Assessment of the European Commission on the Belgian RRP https://ec.europa.eu/info/system/files/com-2021-349_swd_en.pdf

**implementing the Coastal Adaptation to Climate Change Action Plan,** improving the safety of dams and reservoirs, and reducing risk in case of flooding.[154]

Finally, Croatia, Italy and Romania plan **anti-seismic interventions** in the frame of their renovation efforts.

Croatia will **repair the damages caused to multi-apartment and public buildings by the 2020 earthquakes,** to increase the seismic resilience of buildings and to increase their energy efficiency. The renovation will be financed by the EU Solidarity Fund, and complemented by the RRF grants. Moreover, the country is going to **develop a framework for ensuring adequate skills in the context of green jobs needed for post-earthquake reconstruction,** through the improvement of existing education and training programmes and the development of new ones.[155] Croatia also plans **improving one-stop-shop services** for energy renovation and **developing offline offices for earthquake-affected areas** to simplify the reconstruction process for citizens and other entities in need of administrative services during the post-earthquake recovery process.

Croatia will **modernise and integrate seismic data** for the renovation process and planning of future construction to improve risk resilience in spatial planning and the construction sector.

The Italian plan also contains important investments in **water and wastewater infrastructure, soil re-use.** These investments are accompanied by important reforms of concessions and local public services (cf. business environment reforms), the reduction of the fragmentation of water utilities and the adoption of an ambitious **National Circular Economy Strategy.**[156]

The Romanian National Seismic Risk Reduction Strategy (currently under development) aims to transform the country's-built stock into a **resilient one to earthquakes;** reduce seismic risk *through prioritised and efficient investments.*[157] This includes strengthening or repairing of structural elements or the structural system as a whole, introduction of structural elements additional structural elements; dismantling and rebuilding of installations. This measure however will not be financed by the NRRP, but by national funding which is co-financed by ESF.

154 Page 40, Assessment of the European Commission on the Spanish RRP https://ec.europa.eu/info/system/files/com_322_4_swd_en.pdf
155 Page 235, Annex to the Proposal of the European Commission on the Croatian RRP https://ec.europa.eu/info/sites/default/files/com-2021-401_annexe_en.pdf
156 Page 47, Assessment of the European Commission on the Italian Plan https://ec.europa.eu/info/system/files/com-2021-344_swd_en.pdf
157 Page 334, Romanian Plan, April 2021.

# Access to housing, social housing and Housing First

## 10 countries put forward ambitious plans to improve access to social housing and Housing First

The Portuguese Plan seems the most ambitious towards our sector, with **six different programmes, including** the **Programme to Support Access to Housing** (€1.25 billion), National Urgent and **Temporary Accommodation Grant** (€186 million), Reinforcement of the supply of **supported housing in Madeira** (€ 136 million), Improvement of the **housing stock in the Azores** (€60 million), Support for the **public affordable housing stock** (€774 million), **Affordable Student Housing** (€375 million). Overall, the Portuguese Plan dedicates more than 20 % of its overall budget for the building sector. In total, more than 12,000 dwellings will be built.

Spain follows Portugal in terms of budget volume. The €1 billion Programme for the construction of social housing aims to build **at least 20,000 new dwellings** for social rental purposes until 2026. These will be built in particular in areas in which social housing is currently insufficient and on publicly owned land.

The Slovenian **Rental housing construction scheme** (€400 million in total, €60 million grant funding from RRF) aims to tackle the big societal need of affordable rental housing, which is also in line with the national Sustainable Construction guidelines.[158] The scheme aims to **improve access to rental housing for the socially disadvantaged and other marginalised groups,** e.g. disabled people, victims of violence, homeless, families with children, Roma people. This includes not only the activation of existing vacant housing, but also expanding the stock of available affordable rental housing. The plan is to provide **at least 5,000 additional public rental dwellings** by 2026.[159] Of these, 480 will be provided through national funding and the rest through private finance.

The Greek Plan includes a **social housing pilot programme** with a budget of **€1.3 million,** which is planned to be running in parallel in Athens and Thessaloniki, with the idea to provide social housing through privately owned homes. **The landlords can access grants to renovate their homes** (estimated €10,000 for each unit), **if they agree to let it out (at low rent) to people selected by the local authority.** Besides this, the Greek government is going to fund a **social inclusion and employment programme** for vulnerable people.

Hungary's draft Plan includes a **Renovation programme for the 300 most disadvantaged settlements** in the country[160] **through building new housing units and managing them in the framework of a Social Rental Agency.** Renovations are also planned (not deep energy efficient retrofits, but preliminary interventions to reduce risks related to substandard housing situations). They aim for a the **renovation and building of a minimum of 15 units per settlement,** targeting the most sub-standards units first. This would mean **4,500 units renovated or newly built in 5 years.**

The Italian Plan foresees the provision of **public services and public housing for low-income groups. It also envisages specific housing projects for disadvantaged groups, for instance for people with disabilities,** for young people, and for the non-self-sufficient elderly. Italy will also boost the **regeneration and affordable housing.**[161] The programme is going to get €175 million from the RRF in the coming three years which will be complemented by national founds and ESF+ later.[162]

Ireland is planning significant funding for **social housing and residential housing.** The Priority 3: Social and Economic Recovery and Job Creation of the Plan foresees the **increase of the Provision of Social and Affordable Housing** through **progressing the Affordable Housing Bill** and the **Land Development Agency Bill.** It is known that in 2021, Ireland plans to achieve 12,750 additional social homes, including 9,500 new build homes, 800 targeted acquisitions, and 2,450 long term leased homes.[163]

Latvia engages in the provision **of 700 new affordable housing,** as well as

158 Page 443-458, Slovenian Plan, April 2021.
159 Page 450, Slovenian Plan, April 2021.
160 Hungarian draft Resilience and Recovery Plan.
161 Page 42, Assessment of the European Commission on the Italian RRP https://ec.europa.eu/info/system/files/com-2021-344_swd_en.pdf
162 Page 100, Social Services Action Plan, https://www.lavoro.gov.it/priorita/Documents/Piano-Nazionale-degli-Interventi-e-dei-Servizi-Sociali-2021-2023.pdf
163 Based on data from the Irish Council for Social Housing www.icsh.ie

measures providing accessibility to private homes for 259 persons with disabilities and to 63 public buildings and build long-term care facilities for 852 elderly persons.

Sweden is planning to **support the already existing rental housing** and student housing programmes with **increased funding in construction.** It is not yet known how much of that budget will be provided by the RRF.

The Romanian Plan foresees the implementation of Romania's Territorial Development Strategy that aims to reduce territorial disparities. According to the Plan, eligible projects include the Construction of **housing for young people, social housing, and emergency housing of necessity for health and education professionals.**[164] The budget provided for housing construction is **€288 million.**

Finally, Luxembourg's very much needed initiative to **'increase the offer of affordable and sustainable public housing'** will dedicate €51.46 million to construction and renovation.[165]

164 Page 795, Romanian Plan, April 2021.
165 Page 45, Luxembourgish Plan, June 2021.

| | |
|---|---|
| **GREECE** | Social housing pilot programme. **Total budget: €1.3 million.**<br>Housing and employment Programme. **Total budget: not yet defined.**<br>Housing Programme for Roma. **Total budget: not yet defined.**<br>Part of the 'Social inclusion of vulnerable groups' aim (€166 million) |
| **HUNGARY** | Renovation programme for the 300 most disadvantaged settlements. **Total budget: unknown.** |
| **ITALY** | Housing first programme. **Budget supported from RRF: €174 million.** |
| **IRELAND** | Provision of Social and Affordable Housing. **Total budget: unknown.** Target in 2021: 12,750 additional social homes.[166] |
| **LUXEMBOURG** | Component 1 'increase the offer of affordable and sustainable public housing'. Under Pillar 1 Cohesion and social resilience.[167] **Total budget: €51.46 million, of which €24 million is covered by the RRF.** Total delivered housing units: at least 1,200 affordable housing until 2025.<br>Component 2 'Project « Neischmelz » in Dudelange'. Under Pillar 1 Cohesion and social resilience.[168] **Total budget: €51.46 million of which €24 million will be covered by the RRF.** Total delivered housing units: more than 1,000 housing units (50% affordable) |
| **LATVIA** | Provision of 700 new affordable housing. **Total budget: €42.9 million.** |
| **PORTUGAL** | Programme to Support Access to Housing. **Total budget: €1.251 million.**<br>National Urgent and Temporary Accommodation Grant. **Total budget: €186 million.**<br>Reinforcing the supply of supported housing in the Autonomous Region of Madeira. **Total budget: €136 million.**<br>Increase the housing conditions of the housing stock in the Azores Autonomous Region. **Total budget: €60 million.**<br>Public affordable housing stock. **Total budget: €774 million.**<br>Affordable Student Housing. **Total budget: €375 million.** |
| **ROMANIA** | Social housing infrastructure and old age homes. **Total budget: €288 million.** |
| **SLOVENIA** | Financing scheme to increase the provision of Affordable rental housing. **Total budget: €400 million (€60 million grant from RRF).** |
| **SPAIN** | Programme for the construction of social housing in energy efficient buildings. Objective: 20 000 new dwellings. **Total budget: €1 billion.** |
| **SWEDEN** | Support for rental housing construction.<br>Support for student housing construction. **Total allocation for the two programmes: €1,2 billion.** |

166 Based on data from the Irish Council for Social Housing www.icsh.ie
167 Page 45, Luxembourgish Plan, June 2021.
168 Page 50, Luxembourgish Plan, June 2021.

# Digital transition

## 5 countries included affordable housing in their digital agendas:

Finland has an ambitious investment plan in terms of digitalisation of its housing stock. According to the Finnish Plan, an apartment information system will be developed by 2026, with the help of €14 million.[169]

The housing information system will ideally solve the **registration challenge of housing company loans.** There is currently no a central register, but only in the accounts of housing companies. The **establishment of a positive credit register** is included in the EU Council's 2019 country-specific recommendations, which is critically dependent on the development of an apartment information system. The interoperable data will be used **to build e-services and automate decision-making**. The reform will **improve consumer protection in the housing market, competition in the property management sector and provide information on the financial and economic performance of housing.**

Czechia is going to set up a central information system ('AIS') to migrate **all data to one platform on the construction permissions process** and will also establish a **central database of spatial analytical documentation.** The latter will be used to provide data and services for town and country planning authorities, other public sector users, and providers of spatial planning documents. Finally, a system linking technical norms with implementing regulations, integrated into the Building Developer Portal and made accessible to the public is also planned.

In its component energy efficiency under the Green transition, the Slovenian Plan writes about the need for increasing the energy efficiency potential of the construction sector. This will be done by **introducing the concept of circular construction** to achieve a reduction of the carbon footprint and by **introducing new modelling techniques (e.g. BIM)** and increasing material efficiency in construction.[170] Slovenia aims to include BIM  in the construction and management phases, including energy management.[171]

The Plan states that contributions **to the development of the circular economy** and more efficient management of materials throughout their life cycle will also be made. Also, the digitalisation in the building sector will achieve **more than 10% of savings on investments,** which will also be supported by a better understanding of the life cycle.

The Plan also includes the creation of a basis for **the accelerated use of BIM, namely the development of a national classification system,** the standardisation of inventories of GOI works and the development of minimum exchange requirements between key stakeholders or a manual on information requirements for BIM projects.

In terms of connectivity, Greece plans to install fibre optic infrastructure in residential and commercial buildings with a budget of €131 million in order to improve end-users' connection with very high-capacity networks (VHCN) based on a demand subsidy (voucher) scheme.[172]

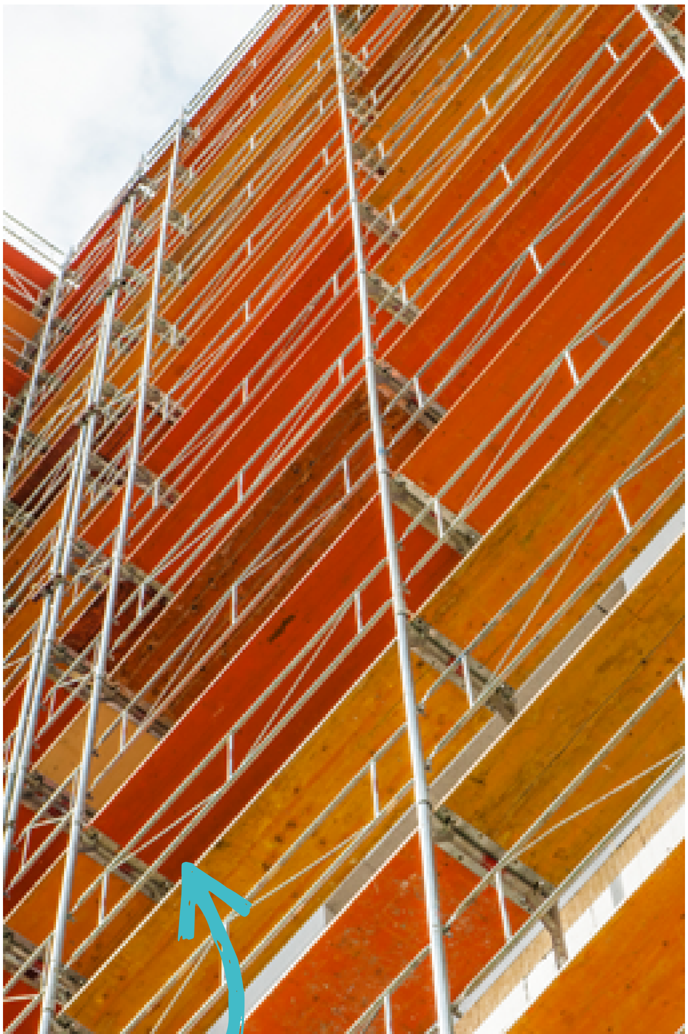
Denmark has a similar initative, namely the Broadband pool, the prolongment of an existing scheme, Bredbåndspuljen, which shall roll out very high-speed internet access **in rural areas.**[173]

169 Page 126-127, Finnish Plan, June 2021.
170 Page 36, Slovenian Plan, April 2021.
171 Page 44-45, Slovenian Plan, April 2021.
172 Page 50, Annex to the Proposal for Council decision on the Greek RRP https://ec.europa.eu/info/system/files/com_328_1_annexe_en.pdf
173 Page 44, Annex to the Proposal for Council Decision on the Danish RRP https://ec.europa.eu/info/system/files/com-2021-326_annexe_en.pdf

# Skills development

## So far, five countries included measures on skills development related to construction measures.

The Estonian Recovery Plan includes the implementation of a €15 million 'Green Skills Action Plan' in response to the CSR 2019.[174] In designing the activities, the Plan will start from the need to provide green skills in traditional areas of activity, which are to become more environmentally friendly. This will be supported by the higher education and vocational education and training programmes; and retraining programmes. The focus will be in particular on **energy,** transport, logistics, **construction,** agriculture, chemistry and forestry.



The Irish **'SOLAS recovery skills response investment programme - green skills action'** (€29 million) is expected to contribute to upskilling efforts that have a clear focus on improving skills to progress the green transition and support climate action. The programme offers a range of educational and training programmes mainly to vulnerable groups with lower skills levels; therefore, it will also contribute to social inclusion.[175]

Czechia's ambition is similar to the Irish one, as it plans to extends its **support for training and retraining of workers deploying green construction, green technologies or materials** under the State programme for supporting energy savings (EFEKT).

In Spain, a €2.37 billion budget will include the support of **reskilling and upskilling** in the area of renewable generation, amongst other related intiaitves. Finally, Romania plans to establish a **regional training and education centre (€10 million).**[176]

174 CSR 2019: Address the problem of skills shortages; promote innovation, improve education and training capacity and compliance with labour market needs.
175 Page 32, Assessment of the European Commission about the Irish RRP https://ec.europa.eu/info/sites/default/files/com-2021-419_swd_en.pdf
176 Page 81, Romanian Recovery Plan (June 2021).

# Deinstitutionalisation (DI) of care

## Seven countries addressed also the deinstitutionalisation, thus investing in improvement of access to housing for persons with disabilities and elderly as well as the extension of home care services.

A range of important dimensions are addressed by the Italian Plan, such as the increase in the provision of **social housing, the improvement of access to social services, particularly for persons with disabilities and non-self-sufficient elderly people,** the **extension of home care services or the support** to disadvantaged communities through urban regeneration plans. Those interventions are accompanied by reforms, such as the Framework Law for persons with disabilities or the reform related to the extension of telemedicine and the proximity network.[177]

Slovenia put DI as a priority under its housing component. With regard to DI care for the elderly, Slovenia will focus on the **development and upgrading of services that prolong independent living at home** (upgrading home support services) **and testing new services.**[178]

In addition, it is quite unique among the national Plans to dedicate resources to adaptation measures for healthy ageing. This is the case of Estonia that dedicates an envelope of €95.6 million to the **adaptation of homes to develop services to support living at home; to the provision of community-based service buildings for the elderly;** the creation of community-based special care services as well as the creation of Integrated health and care centres. This budget will come from the Structural Funds, not from the RRF.[179]

Belgium made a similar move with the component 4.3 of its Plan. A portion (number unknown) of the newly built social housing in Wallonia will be equipped with **assistive technologies in order to support the independent living of people with disabilities and the elderly.** Prior to the implementation of this investment, the Walloon government will adopt a **deinstitutionalisation strategy** for long-term care.[180]

Latvia is going to invest in **accessibility of private homes** for 259 people with disabilities and 63 public buildings, as well as building long-term care facilities for 852 elderly people. Czechia also plans to reform its long-term care strategy and foresees **financing a low proportion of community-based and home-based services.** These investment projects will be implemented by the municipalities.[181]

As for the medium-term measures, the Spanish plan foresees a **national deinstitutionalisation strategy**[182] with the objective to move to a model geared towards **community care,** which would take better account of the needs and preferences of people in need of support, while ensuring in parallel support to the families caring for them and cost-efficiency. Measures to **promote innovation and the use of new technologies** should ensure care throughout the territory.

Last but not least, Greece is going to establish **Home Health Care & Hospital at Home systems** for targeted groups of **patients with chronic disabilities.** Home care is combined with parallel organised support from health care units and concerns children, adolescents and adults with serious chronic health problems that cause long-term or permanent disabilities.[183]

177 Page 7, Proposal for Council decision on the Italian RRP https://ec.europa.eu/info/system/files/com-2021-344_en.pdf
178 Page 435, Slovenian Plan, April 2021.
179 Page 29, Estonian Plan, June 2021.
180 Page 38-39, Assessment of the European Commission on the Belgian RRP https://ec.europa.eu/info/system/files/com-2021-349_swd_en.pdf
181 Page 117, Annex to the Proposal of the European Commission to the Council on the Czech RRP https://ec.europa.eu/info/sites/default/files/com-2021-431_annexe_en.pdf
182 Page 38, Assessment of the European Commission on the Spanish Plan, https://ec.europa.eu/info/system/files/com_322_4_swd_en.pdf
183 Page 108, Annex to the Proposal for Council decision https://ec.europa.eu/info/system/files/com_328_1_annexe_en.pdf

# Housing reforms

## An encouraging 10 countries plan substantial housing reforms

The Irish Plan is going to progress with the **Climate Action and Low Carbon Development (amendment) Bill** that aims at setting an emissions reduction target for 2030. In addition, the Priority 3: 'Social and Economic Recovery and Job Creation' foresees the increase of the Provision of Social and Affordable Housing through **progressing the Affordable Housing Bill and the Land Development Agency Bill.**

The Slovenian Plan foresees the amendment of the sectoral legislation, **the Housing Act,** as a basis for systemic housing policy towards a sustainable and continuous provision of access to adequate housing. The overall objective of the amendment and thus of the reform by 2026 is to expanding the stock of public rental housing **by at least 5,000 additional dwellings and activating approximately 2,000 dwellings** through the implementation of public rental housing wich will cost an estimated €400 million.[184]

Finland foresees a **Reform of the Land Use and Building Act by 2024**[185] that will provide guidance for low-carbon construction and to make comprehensive provision for the digitalisation of information and interoperability throughout the construction life cycle.

Romania plans to update its legal framework in order to support the implementation of investments in **the transition to green and resilient buildings.** It will include the:
- Finalisation and approval of the Land Use, Urban Planning and Construction Code
- Optimisation of the regulatory framework of buildings and include an integrated approach on Renovation Wave;
- Review the legislative framework on increasing the energy performance of residential multi-family buildings.

Croatia has planned several reforms to green its infrastructure: Firstly, it is going to introduce a **new model of green urban renewal strategies** and implement a pilot project for the **development of green infrastructure and the circular management of buildings and space**[186]. The new framework shall provide foundation for the development of sustainable space with a focus on green infrastructure, nature-based solutions, models for circular management of space and buildings, as well as resilience against risks and climate change.
Croatia will also **develop and test a model for monitoring energy consumption in multiapartment buildings,** which shall be implemented based on the voluntary interest of the owners.

184 Page 449, Slovenian Plan, April 2021.
185 Page 73, Plan, June 2021.
186 Page 237, Annex to the Proposal of the European Commission https://ec.europa.eu/info/sites/default/files/com-2021-401_annexe_en.pdf

In Austria, one reform can be mentionedGreen Finance Agenda. Starting with the first reform, a quite unique initiative from the Austrian Plan to establish a political and monitoring framework that **mobilises private capital for the necessary investments to achieve the climate and energy targets of 2030.** It will mobilise capital for climate protection and sustainable investment, manage climate relevant risks in the due diligence obligations, and develop uniform strategies and guidance.[187]

Greece also foresees a €21 million reform in order to promote new loans (Component 4.4: strengthening the financial sector) and is going to establish the Credit Expansion Observatory. Its aim will be to collect detailed data on the liquidity provided by banks to individuals and legal entities, in order to **better design and implement targeted public policies that aim to increase access to finance.** It shall monitor market liquidity, independently, as well as in relation to credit expansion, in the context of supporting the economy and making the most of the funding tools to meet liquidity needs.[188]

In Spain, several ambitious Reforms are planned:
Firstly, the Housing Law (by 2022) that will address the various **public planning, programming and collaboration instruments** already in place to support the right to decent and adequate housing.[189] Secondly, the Law on the Quality of Architecture and Building Environment and New National Architecture Strategy aims to **declare the quality of architecture and buildings as a public good.** Thirdly, Reform 6 'Improved funding for renovation actions will addresses **access to finance** on favourable terms. It will establish a new Instituto de Crédito Oficial (ICO) **guarantee line to partially cover the risk of loans** granted by private financial institutions to renovate residential buildings.[190]

Poland is tackling the spatial planning similarly to Spain. It will introduce a reform to increase the quality and transparency of the spatial planning system with a budget of €200 million. The goal is to **prevent the uncontrolled sprawl of development into suburban areas,** especially in the largest cities as well as to **facilitate investment.**[191]

Czechia foresees some reform in its zoning law which aims to bring a **high degree of digitalisation to the construction permissions process.** The new Construction Act will bring the decentralised structure of the building authorities under the responsibility of the State.
The Renovation wave occupies an important place as a reform which will support the **implementation of energy efficiency improvements in residential buildings and raise awareness of the possibilities to reduce energy needs.** Actions include the upgrade of the New Green Savings 2030 programme, support to lower-income households and energy communities, energy consultation centres, support for training and retraining of workers and awareness raising of the wide population.

187 Page 91, Annex to the Proposal for a Council Implementing Decision https://eur-lex.europa.eu/resource.html?uri=cellar:45ad725b-d27a-11eb-ac72-01aa75ed71a1.0002.02/DOC_2&format=PDF
188 Page 165, Annex to the Proposal for Council decision https://ec.europa.eu/info/system/files/com_328_1_annexe_en.pdf
189 Page 15, Annex to the Proposal for Council decision https://ec.europa.eu/info/system/files/com_322_1_annex_en.pdf
190 Page 15, Annex to the Proposal for Council decision https://ec.europa.eu/info/system/files/com_322_1_annex_en.pdf
191 Page 116, Polish RRP, June 2021.

# CONCLUSION

As the above analysis and the detailed country profiles show, some countries have been extremely ambitious not only in terms of the amounts dedicated to the housing and related sectors, but also in terms of proposed reforms to the housing sector. However, other countries have adopted a more 'business-as-usual' approach, limiting their contribution to housing to a minimum level.

This report estimates the renovation efforts of Member States to be of the order of at least €47.28 billion, while efforts to increase access to housing are estimated to be €5.51 billion. This means the commitments on housing total to **a modest amount (€52.8 billion) when compared to the current investment need.**

The oft-cited *'Report of the High-Level Task Force on Investing in Social Infrastructure in Europe'* identified a **minimum investment gap in affordable housing of €57 billion per year,**[192] pre-COVID. **This means that up to 2026, €342 billion should be invested in the sector. Thus, the €52 billion contribution from the RRF, while welcome, constitutes just a tiny part of this need.**

In terms of sectoral focus, with the Renovation Wave as a flagship area, as well as the pressure on the Member States to comply with EU targets, the **Plans are heavily centred on renovation,** which **could *pose several challenges for affordability and housing inclusion.***[193] On the other side, the €5.51 billion **ambition of the 10 countries on affordable housing construction is a positive first step,** after a period of public investment in housing development that was significantly below historical norms. However, **more could be done by the Member States in addressing the current housing crisis, which worsened during the pandemic, with many vulnerable people facing eviction.**

Furthermore, there are also concerns about the **absorption ability** at a local level. **The mobilisation and channelling** of the investment remains a challenge especially for social-housing providers and home-owner associations, which are keen on carrying out such energy-related projects. If the pace of allocations and eligibility constraints will be the same as in the case of ESIF in the previous years, **additional measures would be needed** for achieving the desired uptake and efforts should be made towards a **new model of governance.**

Besides the efforts of the EU, it can be observed that **dedicated renovation programmes** in several countries **are not enough to eradicate energy poverty and to achieve the EU's green targets.** This is also confirmed by the assessments of the European Commission. In **some countries,** measures in the Recovery Plans **seem destined to maintain the funding for the management of inefficient buildings.**

This means practically that the EU as a whole, will miss this historic opportunity for the RRF funds to support wide-ranging housing renovation programmes, including support schemes that would allow low-income households to access renovations, supporting a truly just transition.

192 Boosting investment in social infrastructure in Europe, 2018 https://ec.europa.eu/info/sites/default/files/economy-finance/dp074_en.pdf
193 Page 4, Beyond renovation: Addressing Europe's long housing crisis in the wake of the COVID-19 pandemic, Euro commentary, Carlos Delclós and Lorenzo Vidal, University of Barcelona.

**More and different funding schemes as well as reforms** on energy efficiency standards are key to change this pattern, especially targeting the investment gap due to the low income of building owners.

**Capacity and skills are the main issues impeding the implementation of the** Plans by various local governments. Authorities have difficulty to manage the level of funding and accompanying procedures, while a lack of viable projects that are in line with the RFF is also an issue. **From the tenants'/ owners' side, a lack of understanding and skills** is also an issue that would **require more enhanced advisory services.**

Moreover, **the use of existing technologies in different countries cannot achieve optimal energy efficiency potential.** Some **innovative technologies are needed** to bring up full efficiency, with the help of more investments. For that, an **integrated approac**h is key.

In terms of **the usage of EPCs,** early feedback on implementation shows that it **does not suit small public bodies.** Several countries such as Poland or Slovenia are testing legislative reforms and the establishment of revolving funds for the public sector in order to increase the energy savings potential.

It is clear that the EU has already made major efforts: Beyond making the RRF available, the European Commission's chapeau communication of 2020[194] specifically asked Member States *'to* ***protect households that are overburdened by housing costs,*** *(…), while* ***preserving financial stability and repayment incentives over the medium-term'*** and argued that ***'Investment in 'high impact' infrastructures can help addressing current policy trade-offs and societal imbalances.*** The European Commission also **agreed to loosen the State Aid rules,** enabling Member States to be more flexible and effective in their support measures.[195]

**It is now the turn of Member States to step up and increase public investment in affordable housing together with private investment.** Enhancing and **improving the use of public private partnerships** should be expanded further, by **using InvestEU and financing from national promotional banks. Setting up collaborative institutions** such as **specialised funds** to address changes in sectors, e.g. for energy efficiency or infrastructure, could help to improve the uptake.

**Finally, it is clear that money is not enough.** As the recent paper by the LSE highlights[196], Member States are currently selecting projects with which they will translate NGEU into practical policy actions, with no evidence-based guidance for their decisions.

**High-quality large-scale investments in affordable housing that are based on evidence**[197] **are key in the EU,** given social developments such as our ageing populations, radical structural changes in labour markets, and the opportunities presented via technological innovation. We cannot risk not making those investments, as an ageing population will have serious and prolonged impacts, particularly on the affordability of health, on long-term care and pensions.

194 'Social fairness' axis, 'Chapeau' communication on the CSRs, European Commission, 2020 https://ec.europa.eu/info/business-economy-euro/economic-and-fiscal-policy-coordination/eu-economic-governance-monitoring-prevention-correction/european-semester/european-semester-timeline/spring-package_en
195 https://ec.europa.eu/commission/presscorner/detail/en/statement_20_479
196 Riccardo Crescenzi, Mara Giua and Giulia Valeria Sonzogno: Mind the Clock: An evidence-based approach to the implementation of Next Generation EU, Paper no 24, LSE, 2021.
197 Housing 2030: Effective policies for affordable housing in the UNECE region, 2021 https://www.housing2030.org/

**Housing Europe** is the European Federation of Public, Cooperative and Social Housing

Established in 1988, it is a network of 46 national and regional federations which together gather about 43,000 public, social and cooperative housing providers in 25 countries. Altogether they manage over 25 million homes, about 11% of existing dwellings in the EU.

Social, public and cooperative housing providers have a vision of a Europe which provides access to decent and affordable housing for all in communities which are socially, economically and environmentally sustainable and where everyone is enabled to reach their full potential.