

Brussels, 10 February 2025

To: Dan Jørgensen, Commissioner for Housing and Energy

Subject: **Turn Policy into Action – We need a financing strategy to bridge the energy renovation gap**

Dear Commissioner Jørgensen,

We would like to extend our warm **congratulations on your recent appointment as European Commissioner for Energy and Housing**. As a multi-stakeholder group with cross-cutting expertise in building energy efficiency renovation and finance, we look forward to supporting your efforts in driving the transformation of Europe's building stock. With this in mind, **we have developed an integrated approach to financing building energy renovations that aligns with the EU's strategic objectives**.

It aligns with your commitment to **accelerate the decarbonisation of the real estate sector**, which is both timely and critical. It also supports your commitment to **address energy poverty**, which currently affects 10% of the EU population. Despite their huge energy-saving potential, buildings have long been neglected in EU climate policies; and while ambitious legislations have laid the groundwork in the last mandate, **the current Renovation Wave still falls short due to a large financing gap**.

**Therefore, we are particularly encouraged by your ambition to create a more effective investment-enabling environment**. As you rightfully emphasised during your hearing before the European Parliament in November, EU and national public funds must act as a multiplier, catalysing private capital to achieve these goals. The establishment of a **pan-European investment platform for affordable and sustainable housing** with the EIB is the opportunity to connect the dots.

The coming years are critical for the EU to achieve its climate and energy objectives, including the recast Energy Performance of Buildings Directive's target of a zero-emission building stock by 2050. Reaching this milestone requires the creation of an innovative and comprehensive financing architecture, one that integrates **complementary public and private investment mechanisms tailored to meet diverse financial needs**, including those of vulnerable households unable to face high upfront costs.

We propose the use of practical tools to unlock the full potential of building renovations. This can be achieved by combining innovative tools such as **Mortgage Portfolio Standards (MPS)**, access to reliable buildings' energy performance data and proxies, harmonised definitions for green financial products, and the establishment of an **EU Renovation Loan (ERL)**.<sup>1</sup> The ERL would allow millions of Europeans across all segments of society to access energy efficiency finance to renovate their homes. The EU Renovation Loan needs to be accompanied by consistent technical support through enhanced one-stop shop networks.

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<sup>1</sup> In the review of the next Multiannual Financial Framework, a blueprint of the EU Renovation Loan should be created under EIB management as a fifth policy window of InvestEU (i.e., a Sustainable and Affordable Housing window). Backed by a EU green guarantee, the EU Renovation Loan could be offered to Member States via an InvestEU compartment as an EU Financial Instrument as a Service (FlaaS). This "Renovation Loan as a Service" to Member States could extend EU cost of funds fairly to all European citizens, lever the EU budget and provide attractive long-term funding for renovations.

As first-ever Commissioner for Housing, you are tasked with addressing an issue widely recognised as a top priority by Europeans. This requires swift and decisive action. The comprehensive architecture we propose is built on an interconnected framework of financial tools and policy measures, carefully designed to reinforce each other and align with your vision for long-term economic, social, and environmental sustainability. By integrating proven best practices and industry initiatives from across Europe, this ready-to-use approach provides a cohesive solution for scalable results.

**We would welcome the opportunity to meet with you to present in greater detail our recommendations for uplifting renovation investments,** and discuss how we can support your agenda.

Wishing you a successful start to your mandate,

The signatories:

AUS - Arquitectura i Sostenibilitat

Climate Strategy & Partners

ECCO – the Italian climate change think tank

ECODES

Environmental Coalition On Standards (ECOS)

European Anti-Poverty Network

Kyoto Club

Passive House Centre Czechia

Positive Money

Renovate Europe

REVO Prosperidad Sostenible

World Green Building Council

WWF EU

