

1. The Regulatory Landscape

Overview

Regulations safeguard the well-being of individuals and the environment, promoting fairness and ethical behaviour, and nurturing a stable and sustainable society. The social and affordable housing sector in Europe operates within a framework influenced by a blend of EU directives and determined by regulations unique to each Member State.

Here, "regulatory framework" is understood as the comprehensive ensemble of directives, laws, norms, and standards existing at both European and national levels, exerting influence or determining the action of organisations providing social and affordable housing, with a particular focus on district-level projects. These frameworks serve as the cornerstone that shape behaviours, establish standards, define expectations, and ensure accountability across stakeholders.

Navigating the regulatory landscape can be dauntingly complex. It requires careful reading of the myriad of legislative information and standards while concurrently upholding critical tenets in affordable district management such as energy poverty mitigation, preservation of affordability, and protection of tenant rights.

This sub-chapter delves into the intricate landscape of these regulations, offering an overview of the regulations influencing district-level renovation projects for social and affordable housing. It focuses in particular on the regulations that determine the rights and obligations of tenants and owners during renovation projects. Such regulations play a crucial role in supporting the position of occupants, although they may also create challenges for certain groups with differing preferences and/or capabilities. The social standing of tenants and homeowners in apartment buildings shows significant variation across EU countries. Current regulatory trends aim to reduce barriers to affordable energy renovations, which may, in turn, impact individual protections to some extent.

Questions that will be addressed in this section:

- I. What regulations at the EU, national and local level influence district renovation in the social and affordable housing sector?
- II. How can regulations effectively support and engage occupants in renovation projects?
- III. How can we enhance the regulatory framework for rent and energy performance contracts following residential renovation works?

Recommendations and Good Practices

I. What regulations at the EU, national and local level influence district renovation in the social or affordable housing sector?

Article 288 of the Treaty on the Functioning of the European Union establishes the Union's authority in adapting regulatory tools, namely regulations and directives, to govern its function. Regulations, as legally binding acts, enforce uniform rules across the EU. Conversely, directives establish broad legal objectives for the EU, allowing member states flexibility in devising methods to achieve these goals (EU, 2012). Consequently, to grasp the dynamics of district-level social and affordable housing renovation initiatives, it is crucial to analyze how the EU defines renovation and its associated practices through these regulatory instruments, alongside member states' implementation strategies at national and local tiers.

District-level renovation encompasses a broad spectrum, encompassing the repair and enhancement of physical structures like buildings, as well as intangible aspects such as social and economic dimensions. Regulatory frameworks and policies across EU, national, and local levels play a pivotal role in steering responsible renovation practices, especially as the imperative to repurpose existing housing stock intensifies. While historically centred on enhancing physical performance, renovation policies now prioritize addressing social concerns and improving housing conditions, particularly for marginalized communities.

In this context, a succinct overview is provided of the regulatory frameworks at the macro level, represented by the EU regulatory structure; the meso level, at the national scale; and the micro level, within local contexts.

MACRO LEVEL- European Union regulatory structure

The complex interplay among renovation, affordability, and energy efficiency is rarely examined independently within the European Union (EU). While the primary objective is renovation, tackling affordability and improving energy efficiency presents substantial hurdles for housing organizations. This necessitates the development of comprehensive, enduring strategies. In the last twenty years, numerous directives, regulations, laws, and initiatives have been introduced, centering on renovation and energy issues.

Since 2009, a focus on energy efficiency has driven discussions on sustainability. From 2014, EU Member States were mandated to create renovation strategies to boost investment in upgrading buildings, aiming for a highly energy-efficient and low-carbon infrastructure by 2050. This overarching mandate finds clarification, guidance, and support through various directives, including:

POLICY INSTRUMENT	DESCRIPTION	RELEVANCE FOR AFFORDABLE AND SOCIAL HOUSING RENOVATIONS
Governance of the Energy Union and Climate Action Regulation (2018/1999)	The Governance Regulation establishes a framework for cooperation between EU Member States in climate and energy policy. It mandates the development of National Energy and Climate Plans (NECPs) and long-term strategies (LTS) to achieve decarbonization by 2050.	This regulation provides a structured approach for EU Member States to develop plans and strategies for energy renovation, including measures to support affordable and social housing.
The European Green Deal	This package of policy initiatives set EU's strategy to achieving climate neutrality by 2050. It set the path to a green transition and supports the transformation of the EU into a fair and prosperous society with modern and competitive economy.	Numerous initiatives emerging under the Green Deal are significantly shaping social and affordable housing renovation projects, with a particular focus on energy and climate-related measures. Additionally, the New European Bauhaus initiative that aims to bridge the Green Deal with the European Union's living spaces, fostering the creation of sustainable and inclusive environments, is relevant as well.
Energy Performance of Building Directive (EU 2028/844)	This directive aims to enhance the energy efficiency of buildings in the EU. It includes provisions for Energy Performance Certificates (EPCs), Nearly Zero Energy Buildings (NZEB), regular inspections, national plans, and information/training initiatives.	The Energy Performance Directive sets standards and requirements that can help improve the energy efficiency of affordable and social housing through measures such as EPCs and NZEB targets.
Renovation Wave Initiative	The Renovation Wave initiative focuses on improving the energy efficiency of buildings, tackling energy poverty, renovating public buildings, and decarbonizing heating/cooling systems. It emphasizes the importance of skilled labor and addresses challenges related to green and digital transitions.	This initiative directly addresses the need for energy renovations in affordable and social housing by prioritizing measures to tackle energy poverty, improve building performance, and promote skilled labor in renovation efforts.
Energy Efficiency Directive (2012/27/EU)	The Energy Efficiency Directive aims to reduce greenhouse gas emissions and promote energy savings. It introduces stricter rules for metering and billing thermal energy, monitoring energy generation, and updating the primary energy factor for electricity.	The Energy Efficiency Directive contributes to affordable and social housing energy renovations by promoting energy savings and improving efficiency through measures such as metering and billing rules and monitoring systems.
Renewable Energy Directive (2018/2001/EU)	This directive sets a target of achieving a 32% share of renewable energy by 2030. It promotes cooperation between EU countries, emphasizes citizen participation, provides guidance for renewable energy projects, and streamlines processes for power purchase agreements.	While not directly focused on housing renovations, the Renewable Energy Directive can indirectly support affordable and social housing energy renovations by promoting renewable energy sources, which can lower energy costs for residents and housing providers.

REPOWER EU	REPowerEU Action Plan of the European Commission puts forward a mix of measures to make the EU bloc energy independent. The plan seeks to diversify gas supplies, speed up the roll-out of renewable gases and replace gas in heating and power generation. This will have an impact on lowering CO2 emissions and decreasing energy bills.	Building related energy production and energy efficiency measures are incentivised
-------------------	---	--

MESO LEVEL: National scale

The renovation of the built environment is, as already explained, closely intertwined with the overarching frameworks of the EU Renovation Wave and the European Green Deal. These initiatives have the dual aim of improving energy efficiency and raising living standards. To achieve these goals, a three-pronged strategy has been developed that includes (1) tackling energy poverty and renovating underperforming buildings, (2) renovating public buildings and (3) decarbonising heating and cooling systems (EC, 2020). The assessment of national commitments, regulations and progress towards the EU and Renovation Wave target focuses on two key strategies that are comparable to indicators. The first involves an assessment of national energy and climate plans, while the second scrutinises national long-term strategies. These strategies serve as critical lenses through which to measure effectiveness and progress towards renovation goals on ten years basis. They provide a comprehensive framework for assessing the multiple commitments made at the national level.

National energy and climate plans

The National Energy and Climate Plans (NECPs) are crucial for the EU's climate action, demanding each Member State to devise strategies for decarbonization, energy efficiency, security, internal market, and innovation. Key features of NECPs include:

ASPECT OF NECPS	DESCRIPTION
Integrated Approach	NECPs provide a holistic strategy addressing energy and climate objectives, including policies, measures, and actions for implementation.
Climate and Energy Targets	Formulation of specific targets for reducing greenhouse gas emissions, increasing renewable energy share, and improving energy efficiency.
Renewable Energy	Description of strategies and initiatives promoting integration of renewable energy sources, defining percentage in energy portfolio.
Energy Efficiency	Measures to enhance energy efficiency in various sectors like buildings, transport, and industry, with specific strategies to reduce energy consumption.

Governance Framework	Establishment of a governance framework for regular reporting on progress towards targets, enhancing transparency and accountability.
Sectoral Contributions	Addressing sectoral contributions to emissions with policies and measures to decarbonize sectors like transport, agriculture, and industry.
Research and Innovation	Plans for research and innovation to develop and deploy new technologies, supporting transition to a low-carbon, energy-efficient economy.
Cross-border Cooperation	Emphasis on cross-border collaboration to maximize collective impact through joint initiatives and efforts between countries.

The recent evaluation of NECPs by the EU indicates positive signs of collective commitment to robust energy and climate planning processes. However, gaps identified in the assessment pose challenges to maintaining EU's overarching ambitions and credibility of Member States. Addressing these gaps is crucial for strengthening the effectiveness and integrity of energy and climate objectives.

The Belgian context exemplifies a complex regulatory framework as far as climate change mitigation or adaptation is concerned:

- ✓ At the federal-state level, the "Towards a Climate-Resilient Society by 2050 – Federal Adaptation Measures 2023-2026" package outlines 28 measures across eight policy areas: research, biodiversity, infrastructure, natural resources, public health, risk and crisis management, international cooperation, and awareness raising. Supported by studies like the "Assessment of the Socio-Economic Impact of Climate Change in Belgium (2020)," it addresses climate change effects on various sectors, notably extreme weather events, aligning with the Paris Agreement (2015) and EU Strategy on Adaptation to Climate Change (2021).
- ✓ In the Flemish Region, the Climate Change Adaptation Plan prepares for short-term (by 2030) and long-term (by 2050) impacts through six strategic lines, focusing on green infrastructure, water management, nature conservation, and collaboration.
- ✓ Wallonia's forthcoming strategy aims to fortify adaptation policies based on reports and studies, enhancing resilience to climate change impacts.
- ✓ The Brussels Capital Region's approach in the Brussels Air Climate Energy Plan focuses on reducing vulnerability through urban resilience, water management, biodiversity, and adaptation integration into spatial planning. It emphasizes environmental project support, critical infrastructure fortification, and population protection from extreme climate events, with a focus on monitoring urban evolution.

SOURCE: <https://1point5.caneurope.org/countries/belgium/>

National long-term strategies

The development of both national long-term strategies (NLTs) and the overarching strategy of the European Union requires a comprehensive perspective covering a horizon of at least three decades. This comprehensive perspective encompasses several key dimensions:

ASPECT OF LONG-TERM STRATEGIES	DESCRIPTION
Comprehensive Perspective	Covers multiple dimensions including reducing greenhouse gas emissions, improving waste management, and transitioning to low greenhouse gas emissions economy.
Sectoral Emissions Reductions	Strategies for reducing emissions and improving removals in various sectors like electricity, industry, transport, agriculture, waste, and land use.
Socio-Economic Impact Assessment	Assessment of socio-economic impacts, including macroeconomic considerations, health risks and benefits, and environmental protection aspects.
Integration with National Objectives	Establishment of links with other national objectives, planning efforts, and policies to ensure coherence and alignment with broader national strategies.
Investment Considerations	Consideration of investment requirements and interactions between long-term plans and financial considerations to pave a sustainable and resilient path towards a low-carbon future.

MICRO LEVEL: Local scale

Local-scale renovation regulations are complex and require careful consideration due to their position within the regulatory framework hierarchy. One fundamental area is rent regulation, which encompasses various aspects depending on the EU country. Additionally, other regulations concerning urban planning, building standards, and accessibility play a crucial role in implementing renovation projects at the building or district level. Below, you'll find the key aspects of these regulations to highlight at the local level:

LOCAL LEVEL REGULATIONS	ASPECTS
Rent Regulation	Obligations of tenants to tolerate renovation works, deal with distribution of operational costs between landlords and tenants, legal remedies for breach of obligations, provision of information on energy performance.
Urban planning and building regulations.	Zoning regulations, building permits, density controls. Building codes, energy performance standards, renewable energy incentives. Fire safety regulations, structural integrity requirements. Disability access requirements, mobility-friendly design standards. Green building standards, waste management regulations.

Effectively managing these intricate regulations is vital for maintaining legal compliance and fostering a harmonious landlord-tenant relationship during renovations. Comprehending the nuanced intricacies of these regulations is key to successfully executing renovation projects within local regulatory frameworks.

II. How can regulations effectively support and engage occupants in renovation projects?

a) Motivated and unmotivated homeowners in condominium buildings

When considering affordable and social housing, especially for low-income individuals, regulations play a crucial role in supporting occupants to accelerate energy renovation in buildings. The position of occupants in condominium buildings regarding affordable energy renovations varies widely. While some may have intrinsic motivation driven by environmental concerns or the desire to reduce energy costs, others may face challenges in initiating renovation plans, securing financing, and gaining support from fellow owners in the building.

For owner-occupants, the decision-making process may involve developing a renovation plan, seeking financing, and coordinating with contractors. However, in condominium buildings, convincing other owners to support renovations, particularly those affecting communal areas, can be challenging. Effective regulations governing collective decision-making within condominium associations are essential. These regulations must strike a balance between facilitating individual owner initiatives and protecting the rights of all homeowners.

In some regions, such as Estonia, regulations mandate that if a majority (50% + 1) of owners support a renovation, the others must also support it. Additionally, regulations may provide support mechanisms such as loans and subsidies for homeowners who cannot afford the renovation costs. This approach lowers barriers to renovations and ensures that all occupants, including those with limited financial means, can benefit from energy-efficient upgrades in their buildings.

b) Motivated tenants in social housing

In the context of motivated tenants in social housing, the desire for energy renovations often relies on the willingness of the housing association to initiate such projects. Typically, housing associations undertake renovations based on portfolio strategies, building conditions, maintenance needs, and quality improvements. However, the priorities of tenants may not always align with those of the association, as the association requires access to public funds to address the energy renovation of the building and is aware of the difficulty of raising rents for individuals and families with a social profile.

As tenants increasingly seek energy-efficient upgrades, regulations that facilitate their ability to request renovations become crucial. These regulations should empower tenants to advocate for improvements that can alleviate energy burdens and enhance living conditions in social housing. Furthermore, numerous examples of regulations mandate that housing associations present renovation plans and obtain approval from tenants, particularly if there will be a rent increase following the renovation. Across many European countries, tenants enjoy various rights pertaining to

housing safety and quality. They rightfully expect to reside in secure, well-maintained dwellings free from pests, leaks, or hazardous conditions.

c) Motivated tenants amidst unmotivated homeowners

In the context of motivated tenants amidst unmotivated homeowner, the EU Renovation Wave and the ambitious decarbonization goals set by national and regional governments often necessitate top-down development of renovation plans for buildings. This requires regulations that not only facilitate such initiatives but also safeguard the rights of individual homeowners and tenants.

Simultaneously, tenants bear responsibilities toward their landlords and fellow occupants, such as avoiding property damage and preserving communal facilities. While tenants must adhere to legal requirements, they are also entitled to protection from arbitrary eviction, especially in renovated housing, and to fundamental housing rights.

During renovation processes where tenants are not required to vacate their residences, landlords are obligated to ensure that buildings remain safe, clean, and properly maintained, particularly in common areas. Landlords must also furnish and uphold safety measures, including continuous heating, hot water, and electricity supply.

This underscores the need for regulatory frameworks that support tenants in advocating for improvements, even when landlords may lack motivation to undertake renovations themselves.

III. How can we enhance the regulatory framework for rent and energy performance contracts following residential renovation works?

The Energy Performance of Buildings Directive (EPBD) requires member states to focus their financial support on alleviating energy poverty and supporting social housing, achieving the minimum energy performance standards of the worst performing dwellings, and protecting tenants from disproportionate rent levels after renovations. Moreover, the Energy Efficiency in Buildings Directive amendments translate the Commission's Renovation Wave strategy into concrete legislative action. Stimulating the renovation of houses and other buildings supports economic recovery and creates new jobs. In addition, energy retrofits can reduce energy costs and ultimately pay for themselves.

In social housing, the level of the rent is crucial. However, considerable improvements in the energy performance of the building may require high investments. The so-called 'split incentive' can be mitigated by regulations that make it possible to keep the total 'living cost' (rent + energy) in balance.

The improvements in the regulatory framework for rents after renovations of affordable housing can be considered from the several aspects below:

- The establishment of rent stabilization or rent control systems. Rent stabilization and rent control limit the amount of rent a landlord can charge, which can help ensure that renters are not priced out of the real estate market after renovations are completed. For example, some policies may limit how much rents can be increased each year, while other policies may link rent increases to inflation.
- Ensuring a straightforward process for determining the initial rent of a unit after renovations are completed. This can be done through a rent-setting process that typically involves an independent third party reviewing the costs associated with the renovation and setting the initial rent based on those costs.
- Providing an income-based rent. This system adjusts the rent of one unit to make it more affordable for those with lower incomes. This helps to ensure that renovated housing is affordable to people with low and moderate incomes, even if their incomes have changed.
- Measures to protect tenants from unfair eviction and displacement. This could include relocation assistance and eviction protections for tenants displaced by renovations.



EXAMPLE



Western Europe

Netherlands


Government of the Netherlands

[Housing > Rented housing >](#)

Involving the Rent Tribunal

Rent Court (Huurcommissie)

Approximately 75% of the 3 million rental units in the Netherlands belong to housing associations. If tenants and homeowners have a dispute - they do not resolve themselves – they follow the proceedings in the Rent Court (Huurcommissie). Tenants dissatisfied with their homeowner’s response to a rent increase after renovation can start proceedings for the rent increase after renovation.

The regulatory framework for energy contracts can be improved in several ways to support affordable housing renovations better such as:

- Providing flexibility and choice for residents. For example, some jurisdictions allow residents to choose their own energy suppliers, which could lead to increased competition and lower prices. In addition, some programs offer residents the ability to purchase renewable energy or participate in demand response programs, which can help reduce the overall energy cost.
- Providing financial incentives for residents to invest in energy efficiency and conservation measures. For example, some jurisdictions offer rebates or tax credits for installing energy-efficient appliances, lighting, or heating and cooling systems. These incentives help offset the cost of upgrades and make them more affordable for low-income residents.
- Providing financial assistance to low-income households to help them pay their energy bills. This can be done through programmes such as the Low-Income Home Energy Assistance Program (LIHEAP). The [Low-Income Home Energy Assistance Program](#) (LIHEAP) is a federally funded programme in the United States that assists low-income households in paying their home energy bills. LIHEAP provides financial assistance to eligible households to help them cover the costs of heating or cooling their homes, as well as energy-related home repairs to improve energy efficiency and reduce energy costs. Each state sets its own eligibility criteria and determines the types of assistance it will provide, such as bill payment assistance, energy crisis assistance, weatherization services, and energy-related home repairs. LIHEAP is catered for vulnerable populations, including elderly individuals, people with disabilities, and families with young children, who may struggle to afford their energy bills without assistance.
- Establishing regulations for energy providers. This can ensure that they provide safe and reliable service and treat customers fairly. This could include regulation of billing practices, quality of service, and other aspects of provider operations.
- Ensure that the energy performance of renovated buildings is audited. Incorporating smart metering regulations can allow residents to monitor their energy consumption and help them to lower their bills and improve energy efficiency.

Energy contracts for affordable housing can be improved by promoting resident education and awareness of energy efficiency and conservation. By providing information and resources on reducing energy consumption, such as through energy audits and home energy assessments, residents can better understand how to lower their energy bills and reduce their environmental footprint.



EXAMPLE



Central-Eastern Europe

Luče, Upper Savinja Valley, Slovenia



Luče

The project is a result of a regulatory sandbox to test renewable energy incorporation in the network and explore potential grid optimisation through the creation of the first Slovenian energy community. The project showed the benefits that arose by less strict Distribution System Operator (DSO) regulations. Changes in the national energy law are being introduced as a result of lessons learned, together with new subsidies for the installation of photovoltaic and storage batteries.

Further Reading and Online Resources

- European Commission. *Energy Performance of Building Directive* (2024). An official EU website. Retrieved at: https://energy.ec.europa.eu/topics/energy-efficiency/energy-efficient-buildings/energy-performance-buildings-directive_en
- European Parliament. *Overview of Housing Policies, summary* (2024). Retrieved at: https://www.europarl.europa.eu/workingpapers/soci/w14/summary_en.htm
- European Commission. *Energy, Energy Efficiency directive* (2024). An Official EU website. Retrieved at: https://energy.ec.europa.eu/topics/energy-efficiency/energy-efficiency-targets-directive-and-rules/energy-efficiency-directive_en
- Fabbri, M. & Glicker, J. & Schmatzberger, S. & Vitali Roscini, A. (2020). *A Guidebook to European Building Policy. Key legislation and initiatives*. European commission. https://www.bpie.eu/wp-content/uploads/2020/08/BPIE_Guide-on-Building-Policy_Final.pdf
- LIHEAP. *Low Income Home Energy Assistance Program* (2024). Website. <https://liheappm.acf.hhs.gov/navigator.php>
- McCall, M. (2023, August 03). *Tenant's Rights Basics*. FindLaw. Available at: <https://www.findlaw.com/realestate/landlord-tenant-law/tenants-rights-basics.html>
- *The Rent Court (Huurcommissie) initiative in the Netherlands*. <https://www.government.nl/topics/housing/rented-housing/involving-the-rent-tribunal>
- *Luce Project*. <https://www.compile-project.eu/n>