



EUROPEAN COMMISSION

*Brussels, 24.2.2021
C(2021) 1364 final*

Dear President,

The Commission would like to thank the Bundesrat for its Opinion on the Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions – A Renovation Wave for Europe – greening our buildings, creating jobs, improving lives {COM(2020) 662 final}.

The Commission appreciates that the Bundesrat decided to analyse this Communication and welcomes the broad support for its aims as well as the conclusion that action at the European level is necessary to achieve them. To make the Renovation Wave happen, the support of the German Länder is crucial.

In its Opinion, the Bundesrat requested clarifications on two topics: additional support schemes to complement EU co-funded programmes and the implementation of the New European Bauhaus. Please see further details on those two topics in the annex.

The Commission hopes that the clarifications provided in this reply address the issues raised by the Bundesrat and looks forward to continuing the political dialogue in the future.

Yours faithfully,

*Maroš Šefčovič
Vice-President*

*Kadri Simson
Member of the Commission*

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Annex

The Commission has carefully considered each of the issues raised by the Bundesrat in its Opinion and is pleased to offer the following clarifications.

1. Additional support schemes by Member States

The Commission believes that Member States should complement the deployment of EU co-funded programmes with additional support schemes, in particular to mobilise private financing. The investment needs for the transition to climate neutrality are huge and public funding will not be sufficient, despite massive EU budget support envisaged in the recovery funds and in the next programmes of the multiannual financial framework¹. Therefore, public support should be used to facilitate, incentivise and leverage private investments. Public support can be used to create more attractive financing conditions (for example lower interest rates) than financing proposed on the market. Support schemes could also be designed in the form of a “one-stop-shop” combining a grant-based element covering the advisory and preparatory steps of the investment with a public guarantee scheme to the financial intermediaries to develop an offer of low interest rate loans.

Regarding non-residential buildings, the ESCO (Energy Service Company) model can play an important role in leveraging private financing. Support schemes in this area should ensure attractive financing offers for ESCO business development (revolving fund, guarantee scheme).

The European Local ENergy Assistance (ELENA) facility provides grants for energy efficiency project development and has produced a sound track record of private investment leveraging over its 10 years of operation. The ELENA model could be replicated at national level to help private investors develop their projects in energy efficiency and local renewable energies.

2. New European Bauhaus

The Commission is grateful for the support by the Bundesrat for the New European Bauhaus initiative and invites the German Länder to actively contribute to the design phase of the project over the coming months.

The New European Bauhaus project will be developed in three phases:

- 1. Design (2021 onwards): This phase currently explores the ideas and shapes the movement, drawing on the expertise and engagement of the whole community.*

¹ For an overview of the EU funding support for building renovation, please see the Staff Working Document “Support from the EU budget to unlock investment into building renovation under the Renovation Wave” SWD(2020) 550 final.

2. *Delivery (2021-2023 onwards): This phase will produce a support framework with at least five New European Bauhaus pilots in different Member States.*
3. *Diffusion (2023 onwards): Linked with delivery, this phase will look to spread the New European Bauhaus ideas. More New European Bauhaus projects and networks will be added, both in Europe and beyond its borders.*

An integral part of the design phase consists in a toolkit and a web-platform to facilitate the engagement with stakeholders and help interested actors and networks to organise meaningful debates on the New European Bauhaus and harvest ideas and contributions in a structured way.² A particular emphasis will be put on debates bringing together various perspectives and reflections of the transdisciplinary nature of the initiative.

The Commission believes that it is very important to involve in the conversations all the local, regional and national authorities along with experts from every discipline and practitioners' communities, which have been mobilised on devising solutions and standards for the built environment.

In concrete terms, the design phase will allow to define a support framework based on EU programmes, including a call for proposals for at least five places where the new European Bauhaus concept can be materialised, demonstrated and tested in view of the dissemination phase. The pilots should be spread across the EU involving various Member States. All of them will be committed to sustainability, combined with art, culture and social inclusion and each adapted to local conditions and with specific focus, such as for example natural building materials, energy efficiency, demographics, future-oriented mobility or resource-efficient digital innovation.

In March 2021, a high-level round table will be established with external personalities from different backgrounds, gender, age and nationality with a view to inform the Commission President about developments in their fields relevant for the New European Bauhaus. The Commission would like to emphasise that the high-level round table is not a traditional advisory or expert group. It will not issue any reports or recommendations and will not be involved in the shaping of the operational delivery of the initiative.

The Commission would like to inform the Bundesrat that it is currently setting up structures for periodic webinars with stakeholders of the New European Bauhaus. During the webinars, the Commission will provide information about the initiative in more details, in particular on the intended forms of participation in the design phase. The webinars will also address questions in relation to the expected delivery and dissemination phases. The schedule for the webinars is available on the New European Bauhaus website.

² Website of the New European Bauhaus: https://europa.eu/new-european-bauhaus/index_en