

The logo for CLIMACT, featuring the word in white uppercase letters with a stylized circular arrow icon in green and orange to the right of the 'A'.

Empowering **you** to act
on **climate change**

The logo for energinvest, with 'energ' in white and 'invest' in green, set against a green background.The logo for Financité, with the word in white, set against a yellow-green background.A photograph of a modern, multi-story building with large glass windows and balconies, situated in a lush green forest. The building is partially obscured by a dark blue circular graphic element.

Upscaling the financing of Residential Renovation in Belgium

MAIN RESULTS OF THE STUDY

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The logo for SFPI M, featuring the letters S, F, P, I, and M in a stylized, blocky font, arranged in a grid-like pattern within a white square.

WE ARE FACING A **VERY AMBITIOUS** CHALLENGE

2050



Global carbon neutrality



Buildings play a key role

*Direct/indirect emissions, urban planning
impact on mobility emissions*



€389 billion investments

To reach the regional EPC targets



Social challenges can't be dissociated

*And delaying action increase costs, both for people
and public administration
Many co-benefits: health, jobs, wellbeing, ...*

2030 (*tomorrow !*)

-55% GHG emissions

Mandatory renovation calendars

*Set or foreseen, they shall trigger the renovation of
the worst energy performing building*

€161 billion

To be on track with the calendars

**An important share of homeowners
cannot bear the financing**

With existing measures and market conditions

Agenda



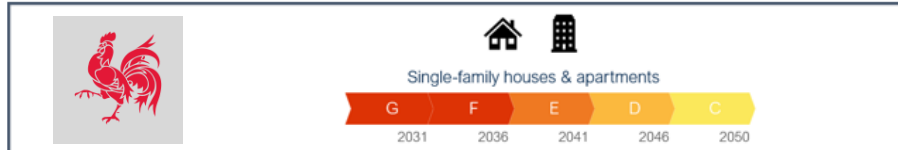
The financing challenge to unlock a renovation wave

Towards a Home Renovation Loan Scheme in Belgium

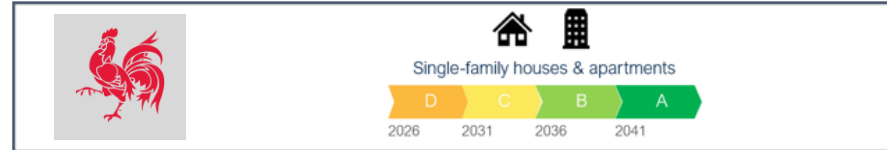
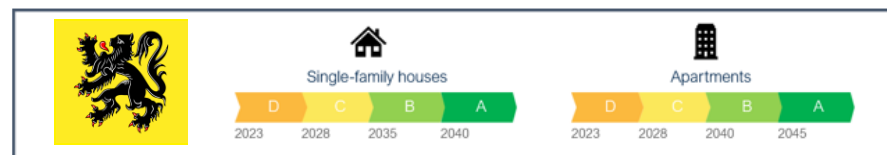
Summary of the recommendations

THE DESIGN OF SUPPORT AND INCENTIVE INSTRUMENTS SHOULD COMPLY WITH RENOVATION CALENDARS

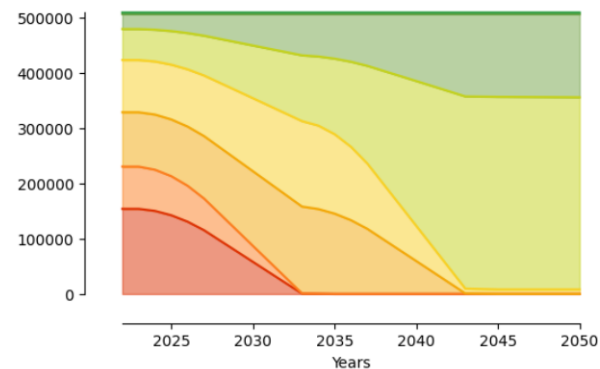
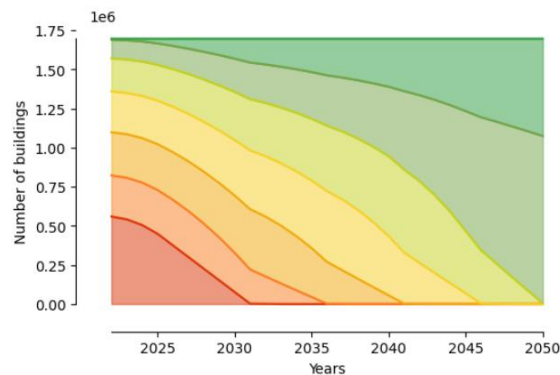
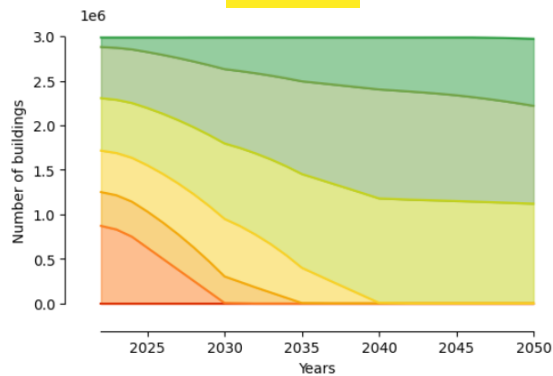
Mandatory renovation **by 20XX**



Mandatory renovation **after purchase**



THE DESIGN OF SUPPORT AND INCENTIVE INSTRUMENTS SHOULD COMPLY WITH RENOVATION CALENDARS



Label legend

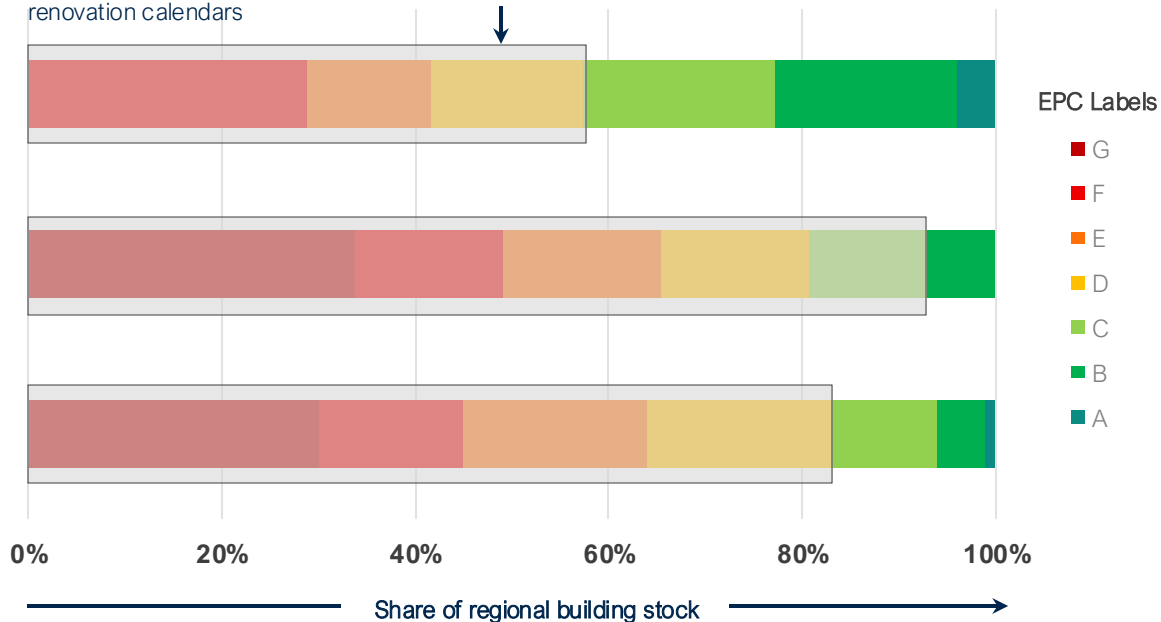


MOST DWELLINGS SHALL BE DEEPLY RENOVATED TO COMPLY WITH THE RENOVATION CALENDARS

By 2050, **3.8 Million dwellings** must be renovated for an estimated **total cost of €278 billion**

Volume of residential buildings / EPC / region

Building stock to be renovated by 2050 based on renovation calendars

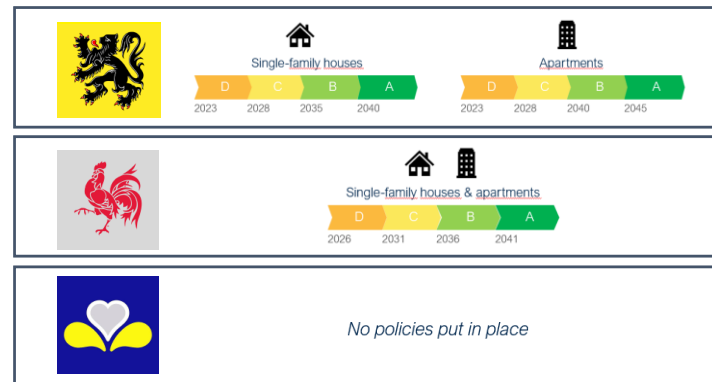


THE QUESTION IS NOT ANYMORE IF, BUT RATHER HOW?

Mandatory renovation **by 20XX**



Mandatory renovation **after purchase**



While renovation calendar target very large volumes, their ambition is lower than the 2050 EPC targets

2050 EPC targets



1. Renovation financial needs for 2050

2. ...

3.

4.

Total financing
needs
389 b€

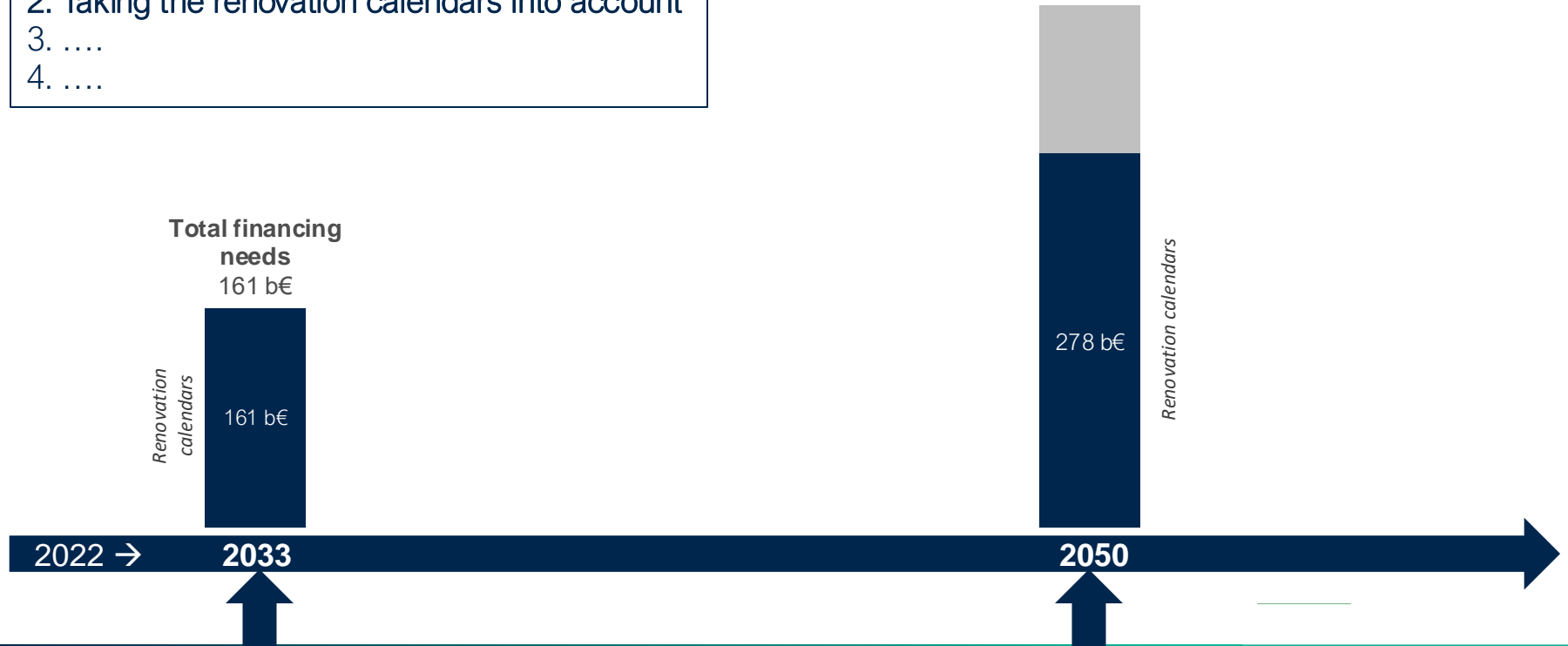
2022 →

2050



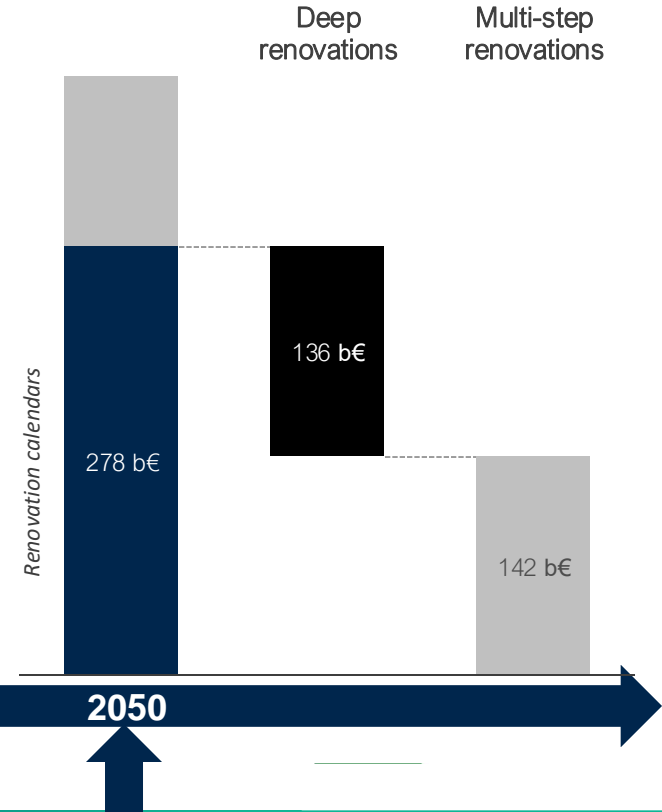
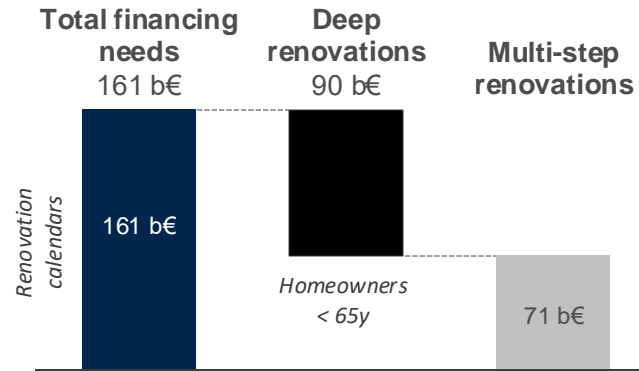
RENOVATION FINANCIAL NEEDS

1. Renovation financial needs for 2050
2. Taking the renovation calendars into account
3.
4.



RENOVATION FINANCIAL NEEDS

1. Renovation financial needs for 2050
2. Taking the renovation calendars into account
3. Segmenting by renovation depth
4. ...



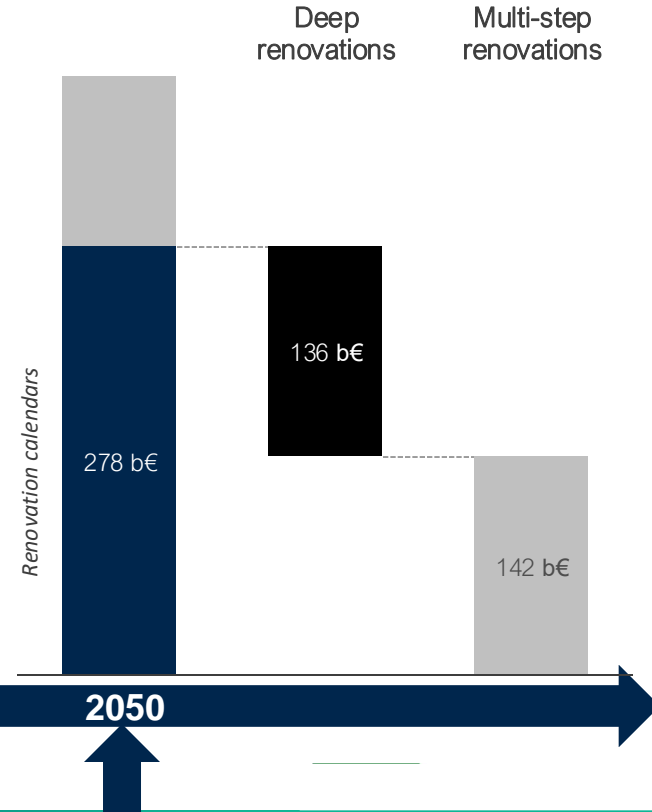
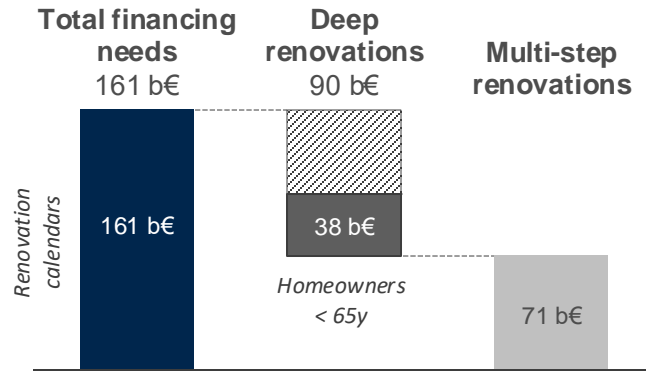
2022 →

2033

2050

RENOVATION FINANCIAL NEEDS

1. Renovation financial needs for 2050
2. Taking the renovation calendars into account
3. Segmenting by renovation depth
4. Segmenting by homeowners in 2033



2022 →

2033

2050

PROVIDING FINANCING FOR ALL IS A DOUBLE-SIDED CHALLENGE

+40 %

of homeowners cannot
finance a **deep energy**
renovation

ACCESSIBILITY

Financing solutions must be
suitable to all **socioeconomic**
profiles and all **financing power**

SCALE

There should be enough
volumes available to support
the financing of
~€10 billion investments / year
until **2050**

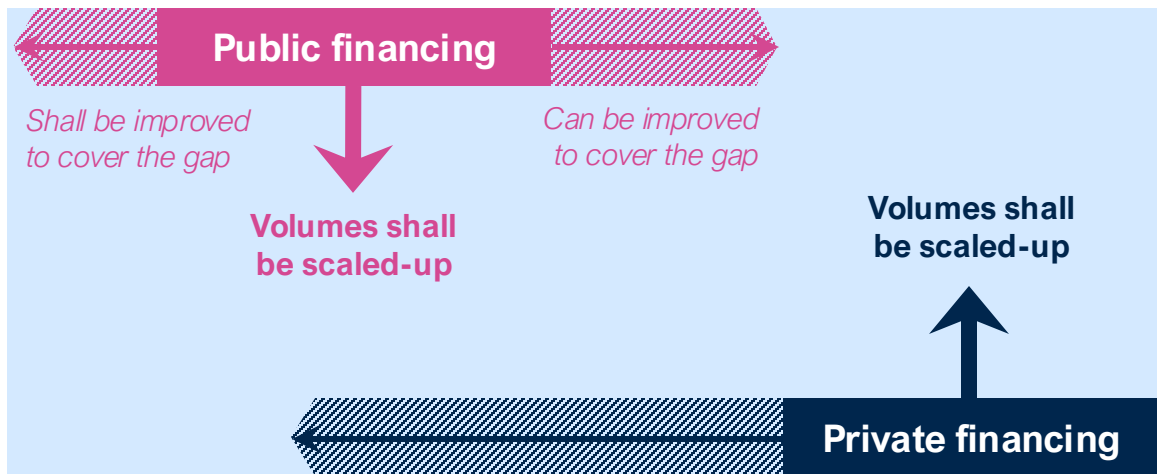
IF PUBLIC AUTHORITIES CANNOT PROVIDE ADEQUATE FINANCING AT SCALE, PRIVATE FINANCE MUST BE LEVERAGED

Homeowners

Financing power

(Depends on the financing conditions)

Insufficient ————— Limited ————— Sufficient →



Today, provides 7% of the €10 billion required yearly to meet the investments targets

Can be leveraged to cover parts of the financing gaps, and to limit the required scale-up of public financing

Financing solutions

UNE PALETTE DE SOLUTIONS POSSIBLES EST À ACTIVER POUR RÉPONDRE « À MOINDRE COÛT » AUX DIFFÉRENTS BESOINS

← *Plus faible* Capacité de financement des ménages *Plus élevée* →

Aucuns moyens

Moyens insuffisants

Moyens suffisants si sur ~30 ans

Et réduire les coûts :

- Auto-rénovation
- Rénovation collective
- Standardisation

Assurer l'accès à un logement décent

Réduire le capital à financer

Limiter la mensualité (à durée définie)

Étendre la durée de remboursement

Limiter le coût de financement

Logement public

Subventions*

Limiter la mensualité au **remboursement des intérêts**
Prêt hyp. à terme fixe, crédit bullet, prêt mutation

Attacher le remboursement au bâtiment (**transférabilité**)
on-bill, on-tax financing

Taux réduit
prêts hyp. verts, prêt public
instruments de de-risking

Logement social

Valoriser la **plus-value** sur le logement
Prêt mutation

Approche « **services** » pour s'affranchir du cadre crédits
contrat de service énergétique, tiers-financement

Limiter le coût de transaction
reprise d'encours

Bail à rénovation

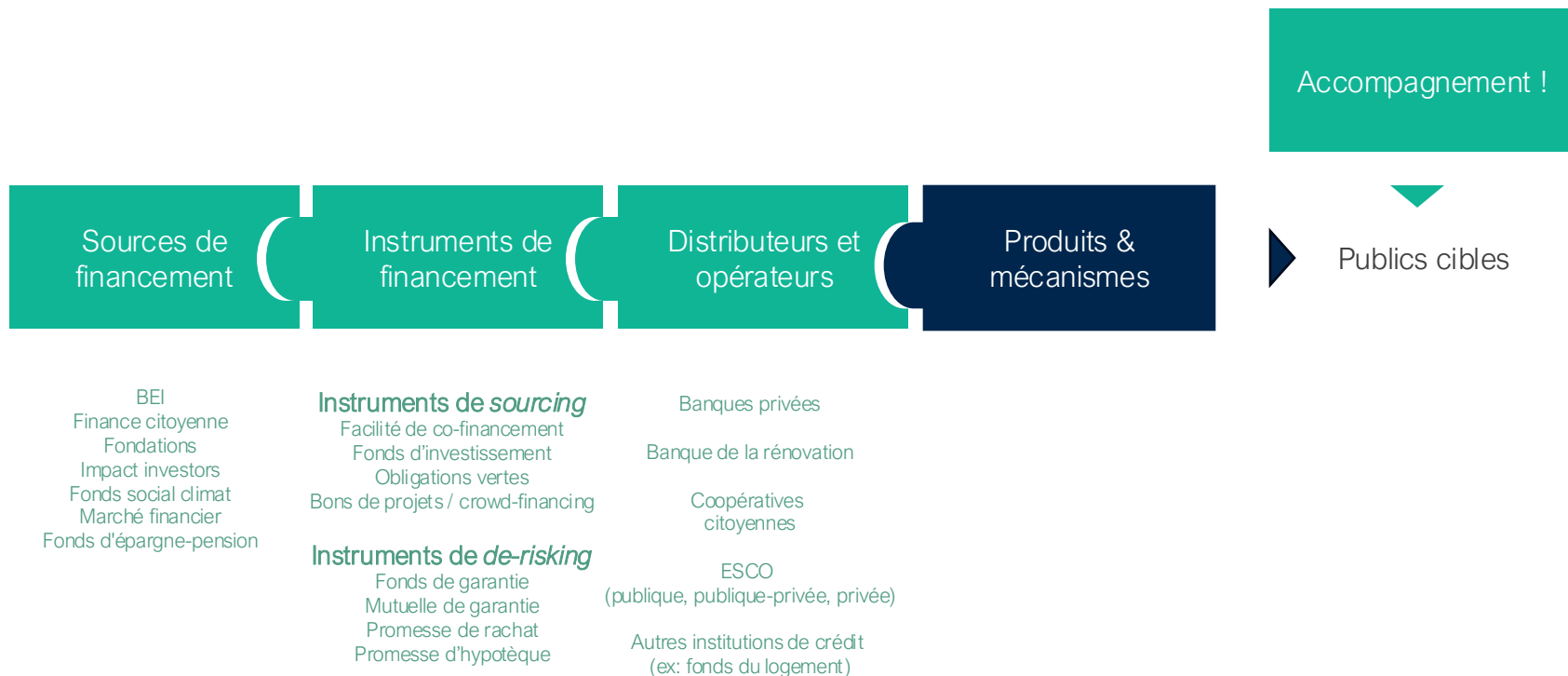
Valoriser le **foncier**
CLT-based

Durée calibrée sur les **économies réalisées**
crédit à durée variable, tiers-fin.

Transfert de propriété et leasing

*Primes considérées ici comme un instrument pour financer (partiellement) les travaux à la place des ménages vulnérables, pas un incitant

DIFFÉRENTS OUTILS DOIVENT ÊTRE MOBILISÉS DANS UN SCHEMA GLOBAL DE FINANCEMENT



AVEC UNE SÉRIE DE POINTS D'ATTENTION

- Penser « à l'échelle », tout en initiant petit si nécessaire
- A partir de la décision, l'implémentation de ces solutions prendra encore du temps
- Les solutions les plus pertinentes ne sont pas encore identifiées, il faut « faire tourner plusieurs assiettes », monitorer, déployer ce qui se révèle le plus prometteur
- Développer des solutions spécifiques aux besoins des copropriétés

Agenda



The financing challenge to unlock a renovation wave

Towards a Home Renovation Loan Scheme in Belgium

Summary of the recommendations

STAKEHOLDER CONSULTATION AND BEST PRACTICES HAVE DRIVEN THE CHOICE OF TWO MECHANISMS

ILR

Instalment Loan for Renovation

Unsecured loan with maturities of up to 20 years (and possibly 30 years) designed in conjunction with capital grants and interest rate subsidies to enable **the greatest number of households** to take on the burden of debt (capital + interests).

Main backing initiatives: Irish scheme. Signals from the stakeholders that alternative third-party financing models (on-bill, tax-based financing, ...) while of undeniable interest, are still in their infancy

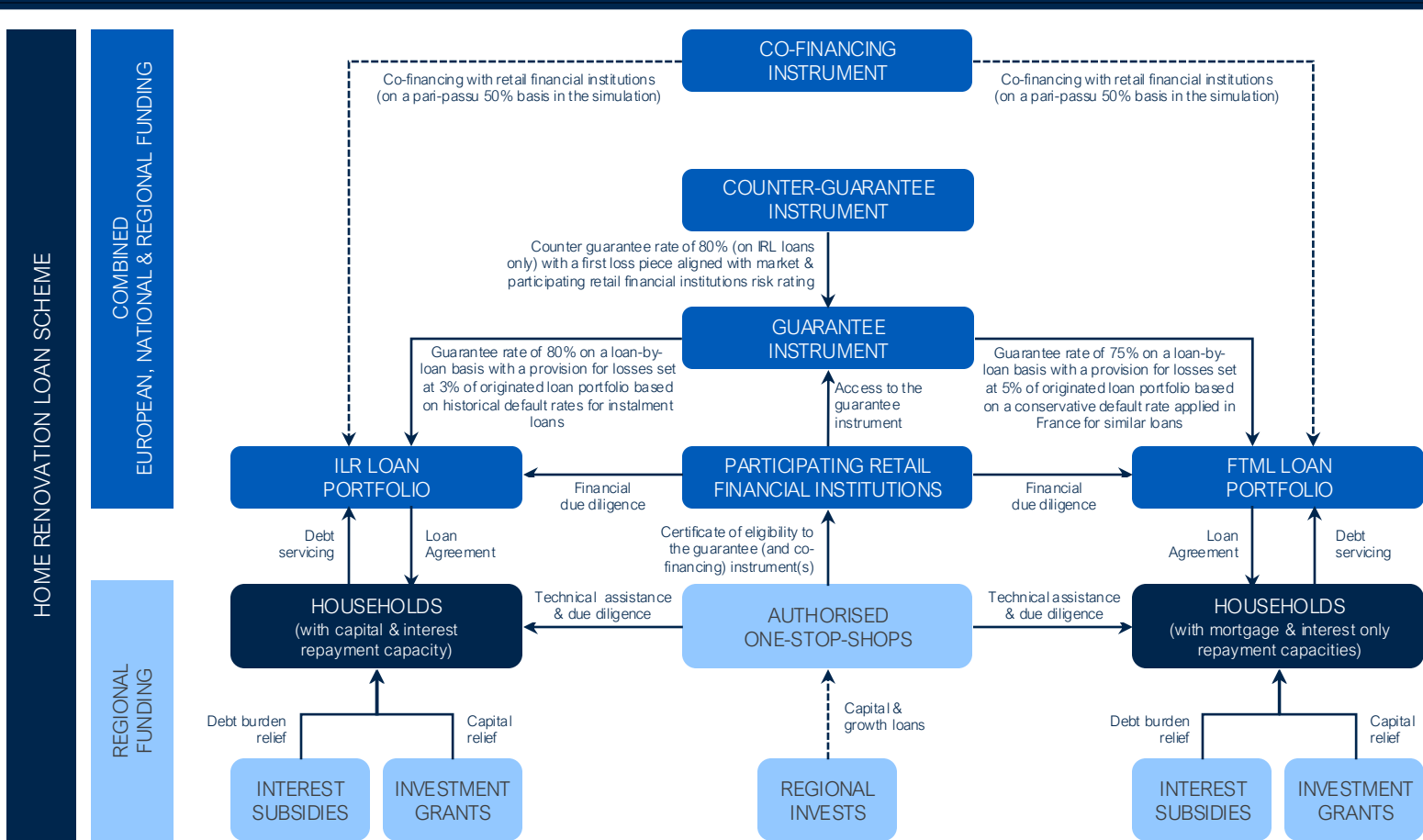
FTML

Fixed Term Mortgage Loan

Secured loan with maturities up to 20 years (and possibly 30 years) designed to address **households with a mortgage capacity and a solvency limited** to the payment of interest

Main backing initiatives: SEIF, PAR (Prêt Avance Renovation), strong focus on accurate targeting and adherence to FSMA regulatory framework

THE HOME RENOVATION LOAN SCHEME (HRLS) LEVERAGES INSTRUMENTS TO OPTIMIZE THE COSTS OF FINANCING



THE CHALLENGE OF ACCESS TO FINANCING FOR ALL



INCREASED GRANTS

Lower the amounts to be loaned, thereby increases financial access to deep renovation and reduces financing costs for HO



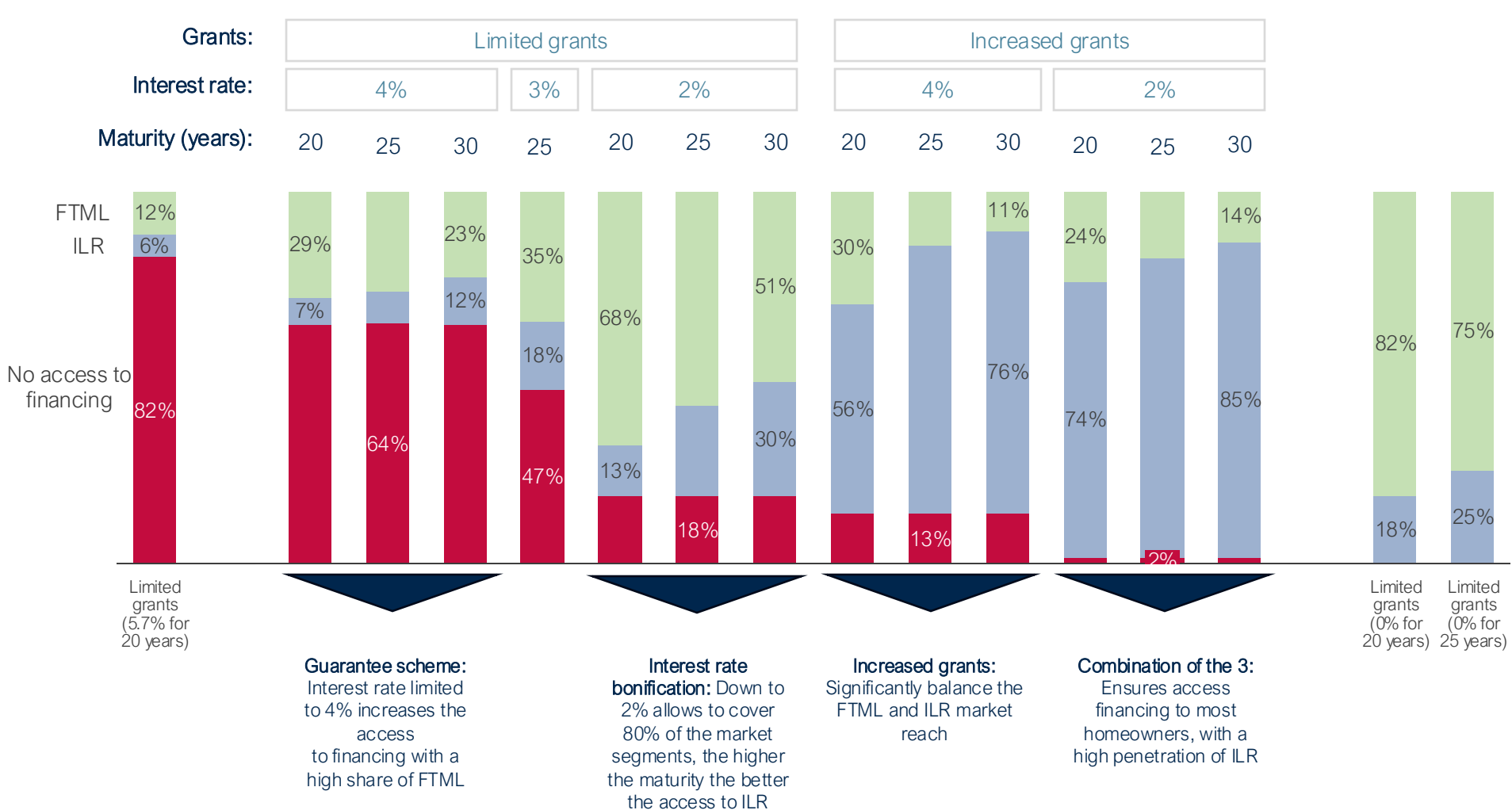
LOWER INTEREST RATES

Reduce the monthly repayment AND the cost of financing



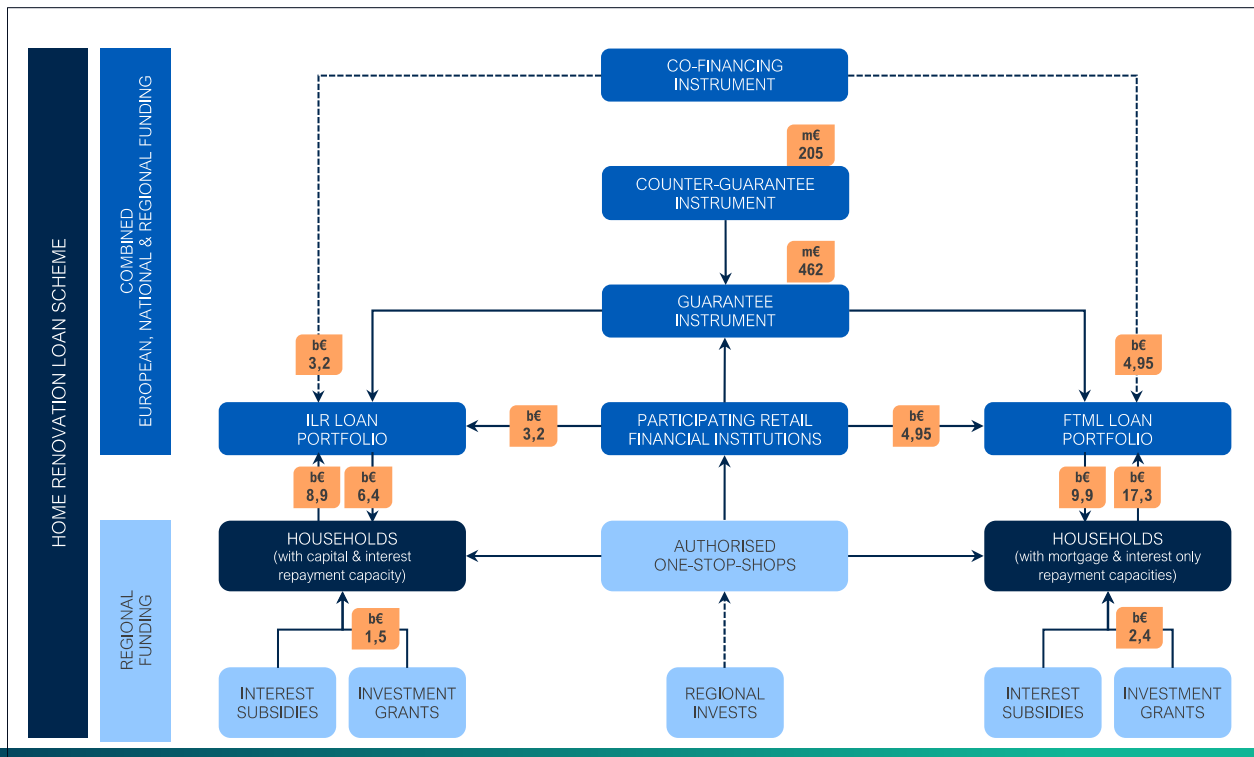
INCREASED MATURITY

Reduces the monthly repayment BUT increased the cost of financing



A FULL LOAN PORTFOLIO HRLS WOULD TRIGGER 20 BILLION INVESTMENT AND CUT PUBLIC SPENDING BY €9,3 BILLIONS

	CURRENT MARKET	HRLS FULL PORTFOLIO
INVESTMENTS TRIGGERED	b€ 6,7	b€ 20,1 (+300%)
PUBLIC SPENDING	b€ 31,4	b€ 22,1 (-30%)



Agenda



The financing challenge to unlock a renovation wave

Towards a Home Renovation Loan Scheme in Belgium

Summary of the recommendations

MAIN OUTPUTS

A report

1



Upscaling the financing
of Residential Renovation in Belgium

**DOWNLOAD
THE REPORT**



www.climact.com/en/sfaim-study:reno-residential

A modelling framework

2



Preliminary considerations of instruments design

3



Roadmaps for the mechanisms

4



SUMMARY OF THE RECOMMENDATIONS

Quickly leveraging financing at scale

If governments can afford it, **massive public financing (grants and lower-cost capital) would better ensure the conditions for a fair transition**

Alternatively, improve homeowner's access to private financing by **developing the Home Renovation Loan Scheme**

Federal action should target instruments to lower the interest rate, enable extended maturities and reduced requirements for assessing the consumer's creditworthiness, while regional action should target the reduction of credit needs

Refine the design and build a solid implementation roadmap of these instruments

Required complementary actions

Develop further socioeconomic knowledge on Belgian household typologies

Keep investigating and experimenting innovative financing solutions and mechanisms

Reform the grant administration processes

Strongly develop OSS renovation services, key enabler for the upscale of deep energy renovation financing

Financial barriers must not overshadow the many obstacles to energy renovation

DOWNLOAD THE REPORT

*Upscaling the financing
of Residential Renovation in Belgium*

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