

EU cohesion policy funding and the housing crisis

Leveraging building renovations for fair and affordable housing



La Grande Motte, a 20th-century modernist utopia in the south of France (photo: Etienne Girardet, Unsplash).

Introduction

In the context of the European Commission's communication on its mid-term review of cohesion policy, affordable housing has the potential to become a strategic objective of cohesion policy funding. This briefing highlights transformative examples of newly constructed or renovated buildings that are inherently affordable, social, and climate-resilient. It also seeks to initiate a conversation on the housing crisis and explore its interconnections with energy poverty, transport poverty, the financialisation of housing, economic polarisation, and discrimination.

The link between the EU's energy-efficiency renovation investments and housing policy is becoming increasingly important. Both cohesion policy funds and the Recovery and Resilience Facility are heavily investing in large-scale projects aimed at cutting building sector emissions. Even without merging the two policies, pursuing decarbonisation of the building sector while explicitly considering its

For more information

Bogdan-Alexandru Chelariu EU Policy Officer CEE Bankwatch Network bogdan.alexandru.chelariu@ bankwatch.org

Contributors:

Alexa Botar MTVSZ – Friends of the Earth Hungary

Lukas Lepic Estonian Green Movement

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effects on housing could have an unexpected positive spillover, helping to address the evolving housing crisis. The crucial inflexion points for fair, affordable, and climate-neutral housing could be reached at the level of project selection criteria or development guidelines, considering that operational programmes are already in place.

Although affordable housing is a broad and often-contested category, ¹ introducing clear criteria can improve social justice, the climate, and environmental outcomes. Ideally, truly transformative projects should be circular, climate-neutral, operate within a post-growth environment, avoid rebound effects on emissions, and have no adverse environmental and social impacts.

In the best-case scenario, applying these criteria would even help to restore and regenerate biodiversity, nature and human communities. However, projects that meet this high bar are few and far between, particularly in central and eastern Europe. To ensure coherence when planning an intervention in the housing sector, it is essential to consider the following steps:

- 1. Examine how housing is reflected in key EU strategic climate documents, such as the national energy and climate plans, focusing on countries where positive examples have been identified.
- 2. Discuss the selected positive examples and evaluate how renovation projects affect local housing markets, accounting for potential impacts due to housing availability and costs, gentrification, and their implications for social housing and vulnerable groups.
- 3. Reflect on recent research recommendations for building renovations and their potential impacts on housing.

Housing through the lens of the national energy and climate plans

This briefing uses case studies from the Czech Republic, Estonia, Slovakia and Hungary to answer the following central question: Do the national energy and climate plans of these EU Member States include building renovation measures that are designed in line with – or entirely separate from – the ongoing housing crisis in Europe?

Historically, in most central and eastern European countries before the 1990s, housing policy and planning were closely coordinated with industrial or economic policies. Bedroom or pop-up neighbourhoods – residential areas built around factories or adjacent to industrial areas – emerged as part of this approach.

In recent years, however, trends such as suburbanisation and speculative housing development (urban sprawl), deregulation of urbanism, increasing subsidies for private transport, and a lack of significant investment in public transport have collectively contributed to an interconnected crisis involving energy poverty, transport poverty, and a scarcity of public services in affordable residential areas.

In some places, suburban housing – whether for low-income or affluent households – has created a new set of structural challenges, including transport poverty, a lack of local public services, excessive commuting times, and over-reliance on private vehicles. Meanwhile, people who could afford to move closer to urban

¹ Ioana Vlad, <u>Affordable for Whom? Reflections on the Possibilities of an EU Affordable Housing Plan from a Homeless Perspective</u>, <u>European Federation of National Organisations Working with the Homeless</u>, November 2024.

centres have increased pressure on the already limited supply of housing in urban areas with better public services.

Given this complexity, we expected the national energy and climate plans to offer an opportunity for a holistic approach to decarbonisation – one that uses building and housing interventions as tools to combat the housing crisis and other challenges. In principle, national energy and climate plans should steer climate and energy transitions, raise ambition across all levels, and integrate credible investment plans.

Unfortunately, our findings show that the national energy and climate plans do not treat the decarbonisation of housing with the requisite seriousness. They lack mitigation measures to prevent the housing crisis from deepening and fail to include impact assessments of affordable and social housing. Additionally, the rebound effects of energy-efficiency measures have yet to be addressed in any detail.

For example, the Czech Republic's national energy and climate plan acknowledges the rising cost of housing, which in some cases can act as a barrier to renovation decisions. It notes that renovation schemes for multifamily buildings will continue to include support for low-income households. It also refers to safeguards for protecting tenants from rent increases resulting from renovations or from the risk of losing their homes following renovations. Yet none of these points are sufficiently explained or supported by a concrete strategy, and the plan lacks any forward-looking impact analysis of the housing sector.

Estonia's national energy and climate plan highlights the total number of people receiving maintenance support for housing costs, including maintenance grants.² It also includes several references to proposed energy-saving measures in buildings. From a housing perspective, what stands out is the decision to offer higher aid rates in regions with low property values. Since property values often mirror household income levels, such regionally targeted support also helps to indirectly tackle energy poverty.³

Another notable element is the provision of investment aid for the development of a municipal housing fund. The plan further references the state's housing investment fund, which forms part of Estonia's national recovery and resilience plan. In the sectoral overview of climate vulnerability and adaptation actions, the plan notes that an energy-intensive housing stock with poor construction quality increases the vulnerability of buildings to climate change, but offers no mitigation measures in response.

Hungary's national energy and climate plan outlines several policies aimed at improving housing conditions across different segments of society, with a particular focus on families with one or more children. ⁵ Special grants are provided to support home ownership for families, including designated schemes for rural settlements. These grants may be used for both property purchases and modernisation works. According to government data, half of all modernisation investments are connected to energy-efficiency improvements.

² Ministry of Economic Affairs and Communications of Estonia, <u>Draft Update of Estonia's National Energy and Climate Plan for 2030</u>, *European Commission*, 58, 17 August 2023.

³ Ibid., 59.

⁴ Ibid.

⁵ Ministry of Innovation and Technology of Hungary, <u>Final updated NECP 2021-2030</u>, <u>European Commission</u>, 16 October 2024.

The plan also requires apartment blocks and housing cooperatives to perform energy audits and inform residents about energy-efficient practices. In addition, Hungary has introduced several national programmes targeting co-owned buildings and disadvantaged settlements. However, the plan lacks a comprehensive analysis of how to prioritise measures that could both mitigate the effects of the housing crisis and advance effective decarbonisation.

Slovakia's national energy and climate plan addresses housing in a more nuanced way, recognising the complex causes of energy poverty – from low-income households and housing costs to poor housing quality and the inaccessibility of adequate housing due to illegal tenure or insufficient energy supply. ⁶ The document draws on housing census data to highlight existing needs, particularly for homes without wall, window, or roof insulation. A number of other measures describe, in general terms, how the state intends to renovate such buildings, primarily through the national recovery and resilience plan and the state housing development fund.⁷

Yet there is no comprehensive analysis of housing sector emissions, no assessment of how much retrofitting can be achieved within existing carbon limits, and no discussion of whether a housing problem exists in Slovakia. Additionally, the plan contains no chapter dedicated to housing – save for a brief subsection on households under its energy efficiency section.⁸

Positive signs of change

The examples that follow address multiple issues in a systemic manner, including housing precarity, energy poverty, lack of information or funding, and limited capacity for project development. The solutions presented impact not only housing, the environment and climate, but also human health, social cohesion, and hard-to-measure aspects like shared beliefs and community well-being.

We do not imply that these solutions offer a universally transferable model across different geographies, cultures, or financial landscapes. However, we do contend that certain elements presented in these cases help to limit negative spillover effects on housing and may contribute to creating a society in which social and affordable housing can flourish, even as we progress through key phases of the climate transition – notably electrification, the phasing out of gas, and housing insulation.

Estonia

In Estonia, two notable projects focus on energy-poor households and district-wide renovations. These projects show that when considering energy efficiency measures, building renovations and electrification, the core question is not *why* these interventions are needed, but *how* these interventions can be applied to mitigate negative housing-related impacts, such as:

- 1. minimising the time a household undergoing renovation is removed from the housing market;
- 2. avoiding speculative increases in property prices;

⁶ Ministry of Economy of the Slovak Republic, <u>Draft Updated NECP 2021-2030</u>, *European Commission*, 97.

⁷ Ibid., 164.

⁸ Ibid., 161.



- 3. addressing social housing needs; and
- 4. regulating costs associated with construction work, rents, and property values.

The first of these projects is Powerpoor, which aims to empower energy-poor citizens through joint energy initiatives. The project highlights a key challenge: most Estonians live in multi-apartment buildings that require energy-efficiency upgrades. Poor insulation and inefficient heating systems in these buildings significantly contribute to energy poverty.

Energy communities have proven to be effective tools for generating significant impacts in the energy sector. However, as the concept is still relatively new, the Powerpoor project focuses on empowering existing collaborative structures, such as non-profit apartment associations, to function as energy communities rather than establishing entirely new entities.

The project defines these apartment associations as, in essence, energy-poor communities in need of assistance. ¹⁰ Association representatives were recruited to serve as supporters and mentors, and provided with training to effectively engage with low-income residents and deliver information on various technical and financial solutions. These collective initiatives can be financed through a range of interventions – from home renovations to solar-panel installations.

As the skills and knowledge of energy supporters and mentors improved, more houses received advice, leading to the expansion of the scheme to other cities. Today, Powerpoor has succeeded in establishing a national, multi-stakeholder partnership that supports joint energy actions, with the overarching goal of combatting energy poverty across Estonia.¹¹

The project also collaborates with other Estonian ventures, such as LIFE IP BuildEST and ENPOR. While ENPOR seeks to highlight the concerning issue of energy poverty in the private rented sector by testing the effectiveness of support schemes and prioritising the needs of energy-poor tenants, ¹² LIFE IP BuildEST is a more comprehensive project aligned with Estonia's climate ambitions. ¹³ Its expected outcomes include a holistic assessment of existing grant schemes, the development of innovative renovation business models, and new financing schemes like Estonia's housing investment fund. ¹⁴

The European Investment Bank, operating in Estonia through its Housing Action Plan, is committed to delivering one million affordable and sustainable homes across the EU by 2030. Targeting Estonia is particularly important given its high home-ownership rate of around 80 per cent, the scarcity of affordable rental options, and the limited availability of social housing.¹⁵

⁹ Powerpoor, <u>Powerpoor | Key Results in Estonia</u>, *Powerpoor*, 2, June 2023.

¹⁰ Ibid.

¹¹ Ibid., 3.

¹² Institute for European Energy and Climate Policy, <u>ENPOR</u>, *Institute for European Energy and Climate Policy*, accessed 10 September 2025.

¹³ European Commission, <u>Pursuing Estonian national climate ambition through smart and resilient renovation</u>, *LIFE Public Database*, accessed 10 September 2025.

¹⁴ Ibid.

¹⁵ Thomas Östros, Where will we live? The urgent need for affordable housing in Estonia, European Investment Bank, 21 July 2025.

The second project from Estonia is the Tallinn-based SOFTacademy initiative, which aims to transform an entire neighbourhood – including apartment buildings and courtyards – in an inclusive, beautiful and sustainable way. This approach aligns with the principles of New European Bauhaus, a policy and funding initiative focused on making the green transition in built environments enjoyable and convenient for all.

What sets this project apart is its neighbourhood-based renovation model, which sees housing associations collaborating directly with city officials and government representatives to revitalise the area. The project focuses on the Mustamäe district – a mono-functional area of Tallinn characterised by decaying buildings, limited accessibility, poor thermal insulation, neglected public spaces, and ageing facades.

The goal of the project is to revitalise the surrounding physical spaces and stabilise the community itself, helping to discourage residents from moving to districts with better infrastructure and access to public services. This 'right to stay' philosophy aims to reduce pressure on housing in other districts, thus helping to mitigate rising prices and the ever-increasing social divide. In addition to the anticipated environmental and social benefits, the project may also lead to an increase in property values.

From a technical perspective, SOFTacademy adopts a neighbourhood-level approach, developing customised, people-centred renovation plans led by residents and experts. By simultaneously renovating multiple buildings, the project aims to achieve economies of scale, maintain reasonable costs, and minimise the time residents are displaced, thus reducing pressure on the housing market. The project also emphasises the importance of community-building and aesthetic renovations.

Both the Powerpoor and SOFTacademy projects highlight the crucial role of apartment associations in rejuvenating neglected urban residential areas. These groups have the capacity to effectively function as energy communities and, more broadly, bring about dynamic change at the neighbourhood level. Repurposing dilapidated buildings into cooperative housing represents a low-carbon and socially inclusive opportunity to strengthen community cohesion, particularly when residents themselves recognise the added value of supporting vulnerable members within their communities.

Slovakia

The URBACT Good Practice project from Slovakia is not unlike the initiatives underway in Estonia. Located in Trnava, a city of 62,000 inhabitants northeast of Bratislava, the project aims to revitalise residential courtyards in an environmentally friendly and inclusive manner. Though not an investment in housing per se, the project foresees the creation of community gardens, public schoolyards and playgrounds, a reduction in noise pollution, and the introduction of natural landscape elements – all of which are likely to have positive effects on housing.

The results to date have been overwhelmingly positive, leading to increased ecological stability and biodiversity, decreased social insecurity, and improved community control mechanisms. Another less visible but impactful result is the rising popularity of the area – once a place typically considered unsafe and avoided by those with the means to move elsewhere, it has now transformed into a stable community.

¹⁶ Urbact, <u>Public space revival</u>, *Urbact*, 29 October 2024.

Ultimately, these improvements are expected to alleviate housing pressure on other districts already better served or considered more desirable. While building upgrades like insulation come with obvious benefits such as energy savings, extending the transformation to Trnava's public spaces is helping to create an invaluable multiplying effect on positive community development.

Hungary

Budapest is currently tackling a whole host of housing-related challenges, including escalating housing prices, exceptionally high rents, and a growing population surviving at subsistence level after paying rent. An additional challenge within the rental market is the continued discrimination against Roma residents and families with multiple children.

To improve the situation, the city's municipality is rolling out a new housing agency model that utilises apartments left empty by private owners. ¹⁷ This approach aims to reduce the risks and costs associated with vacant properties for homeowners. Under this model, the housing agency is responsible for property management, including handling renovations and developing tools to further expand the availability of this alternative, yet affordable rental service.

Budapest hopes to find a fix to the housing crisis through several parallel efforts: increasing the safety and affordability of the rental sector; converting unused public sector space for housing purposes; and implementing an extensive rent subsidy system. Aware that homelessness is a housing problem, the municipality has committed to integrating more measures to uphold the right to housing. This approach, particularly when coupled with the decarbonisation and degasification of heating systems, offers a compelling case study for managing authorities, communities, and public administrators across the country and further afield.

Another positive development is the E-Co-Housing project, a community-centred regenerative housing initiative¹⁹ in the Budapest district of Zuglo. Zuglo faces multiple challenges, including overburdened social housing providers with long waiting lists, rising costs, shrinking incomes, energy waste, and unsustainable lifestyles. The district's existing social housing provision, amounting to around 2,000 units, is largely inadequate and mainly composed of low-quality, one-room apartments unsuitable for families.

The E-Co-Housing solution is a new modular building featuring units of different sizes. Designed with climate resilience, cost-effectiveness, and circularity all in mind, the building will accommodate around 100 people within a social community actively involved in stewarding the construction. The building incorporates wastewater and rainwater reuse systems and embraces composting and biowaste reuse for urban gardening, helping to regenerate unused urban space. In addition to the environmental and social benefits, this community approach contributes to the well-being of residents by encouraging self-awareness and self-care.

 $^{^{17}\,\}text{Municipality of Budapest}, \underline{\text{Lak\'as\"{u}gyn\"{o}ks\'{e}gi}}\,\underline{\text{modell kialak\'{i}t\'{a}sa}}, \underline{\textit{Municipality of Budapest}}, 8\,\text{November 2024}.$

¹⁸ Municipality of Budapest, <u>Elérhető lakhatás</u>, *Municipality of Budapest*, accessed 10 September 2025.

¹⁹ Urban Innovative Actions, <u>E-Co-Housing - Co-creating a Regenerative Housing Project Together with the Community | UIA - Urban Innovative Actions</u>, <u>Urban Innovative Actions</u>, accessed 10 September 2025.



Czech Republic

Brno is the Czech pioneer of the Housing First model, which launched its first pilot projects in 2016. Traditional approaches to combatting homelessness have long been based on the idea that housing applicants must first secure employment, assume personal responsibility, and demonstrate good character before being offered housing. By contrast, the Housing First model is based on the belief that housing is a fundamental human right and that a person must be offered a place to live *before* addressing any other needs.

Studies show that more than 80 per cent of individuals who are offered housing manage to retain it over the long term, gaining autonomy as a result.²⁰ To test the model, the city of Brno randomly selected 50 homeless families with children, providing them with housing and support. After one year, 96 per cent of the families were still living in stable housing.

The success of the project, implemented with the support of the European Structural and Investment Funds, drew the attention of the Ministry of Labour and Social Affairs. Having recently launched a national call for Housing First projects, the Ministry is now working to inform stakeholders about how the principle functions as part of these funds.

In parallel, a network of non-governmental organisations and experts, united under the Platform for Social Housing, is tasked with verifying whether the projects selected under the programme align with Housing First principles.²¹ This national commitment represents a promising step, with the Ministry seeking to expand the implementation of the Housing First model through the use of dedicated EU funds.

However, to maximise the impacts of these efforts, the quality standards for eligible apartments must be updated. Beyond basic requirements like sanitary and cooking facilities and ensuring buildings are structurally sound, future standards should mandate high levels of energy efficiency, thermal insulation, and clean electrification of heating.

Targeted investments such as these would reduce the risk of energy poverty, affording tenants with a higher degree of financial autonomy. Such a strategy would also alleviate pressure on the European Social Fund Plus budget during the initial phase and allow the European Regional Development Fund to invest in transformative projects that address both environmental and social challenges simultaneously.

What does the latest research say?

A 2023 study focusing on residential gas consumption in the United Kingdom concluded that while insulation provides a short-term reduction in household gas use, the long-term benefits can be limited. The researchers found that retrofitting is often combined with building extensions, such as loft improvements, that eventually lead to an overall increase in consumption.

Evaluating gas consumption patterns in over 55,000 homes between 2005 and 2017, the authors reported an average drop of 7 per cent in gas consumption during the first year and 2.7 per cent in the second.

²⁰ Eurocities, <u>Housing first in cities: A transformative approach to homelessness</u>, *Eurocities*, 25 February 2025.

²¹ Housing First Europe Hub, European Federation of National Organisations Working with the Homeless, <u>A guide to using EU funds for Housing First</u>, Housing First Europe Hub, European Federation of National Organisations Working with the Homeless, 25, 14 June 2022.



Crucially, the difference became negligible from the fourth year onwards.²² This rebound effect – where savings are offset by increased energy use – was found to reduce the impact of the savings generated, a context that many governments in central and eastern Europe would do well to note when designing insulation retrofitting schemes.

The authors argue that focusing too heavily on insulation retrofitting without the simultaneous phasing out of gas heating is a missed opportunity for decarbonisation. They also observed that while high gas prices temporarily reduce the rebound effect, insulation interventions alone do not generate significant emissions reductions over the long term.

Notably, the study found that deprived households recorded a lower reduction in gas consumption. In the researchers' view, this suggests that money saved through insulation upgrades is reflected in consumption, allowing residents to keep their homes warm for a longer duration. In this sense, insulation retrofitting policies may effectively address energy poverty, but not necessarily emissions reduction targets.

A 2024 report evaluating the outcomes of various housing energy efficiency measures in France makes several recommendations for improving public policy instruments. Its main finding is that more support should be given to low-income households – especially those living in poorly insulated homes – in order for them to access low-carbon heating solutions.²³

The report also recommends that authorities should simplify the process for building professionals to obtain certification in energy efficiency and green renovation works, thus enabling them to work on projects subsidised by the state.²⁴ Additionally, greater emphasis should be placed on ensuring work quality rather than restricting access based solely on certification.

Although France has set ambitious targets – renovating around 370,000 households per year (a number projected to double by 2030) and achieving a generalised, low-emissions standard for all housing by 2050 – the annual renovation rate in 2022 was only 66,000.²⁵ Given the building sector accounts for a substantial 20 per cent of national emissions, and two-thirds of these emissions come from heating alone, achieving these targets will be crucial to the country's climate objectives.

Despite identifying the benefits of renovations in terms of subsidies, reduced monthly energy bills, and specific bans on renting the worst-performing energy-certified buildings, the authors pose two critical questions: What level of social benefit do these renovations provide? And how do they contribute to climate and environmental objectives?

For example, a renovation project that includes both insulation and heating system upgrades can cost between EUR 19 and 46 per square metre, while poor coordination between the two systems can result in

²² Cristina Peñasco, Laura Díaz Anadón, <u>Assessing the effectiveness of energy efficiency measures in the residential sector gas consumption through dynamic treatment effects: Evidence from England and Wales, Energy Economics, Volume 117, 106435, January 2023.</u>

²³ Gabrielle Fack, Louis-Gaetan Giraudet, <u>Housing's energy efficiency: renovating public action</u>, *French Council of Economic Analysis*, August 2024.

²⁴ For a notable example from France, see: Service Public Entreprendre, <u>Obtenir le label Reconnu Garant de l'Environnement (RGE)</u>, *Service Public Entreprendre*, 1 July 2025.

²⁵ Gabrielle Fack, Louis-Gaëtan Giraudet, Housing's energy efficiency: renovating public action, French Council of Economic Analysis, 3, August 2024.

efficiency losses of between 20 and 40 per cent.²⁶ Non-financial costs must also be considered, including time spent navigating the subsidy application process, finding the right contractor and, in some cases, temporary relocation. The more obvious financial costs include taking out personal loans or using savings to finance the renovations.²⁷

Other studies show that the difference in energy consumption between the worst- and best-performing homes is actually five times smaller when measured by actual bills than when modelled using national energy performance data. Researchers attribute this discrepancy to behavioural adjustments, modelling errors, and quality defects. A study from the United States, for instance, found a 50 per cent gap between theoretical and actual consumption, categorised as 10 per cent due to behavioural changes, 20 per cent to modelling errors, and 20 per cent to quality defects. On the defects of the

Despite these challenges, energy-efficient renovations can also provide a resale premium, or 'green value'.³¹ While renovations require substantial investment, and the financial and environmental benefits may be questioned, a number of significant social benefits are often overlooked.

These include reductions in carbon emissions in cases where insulation is improved or heating is provided in the form of heat pumps powered by clean energy. Renovations can also reduce health costs associated with mortality rates and cardiovascular or respiratory diseases – costs that are often externalised but ultimately borne by public health systems, particularly in countries with mutualised health care.

Recommendations

National and energy climate plans currently offer limited guidance for managing authorities tasked with navigating building renovation strategies, the effectiveness of emissions cuts, and the resulting social consequences. Though the requirement for EU Member States to develop national long-term renovation strategies has been in place since 2014, this provision has failed to elevate housing to the high priority it deserves. Fortunately, with EU governments due to submit their national building renovation plans by the end of 2025, clarity and strategic direction are expected to improve considerably.

Managing authorities that prioritise affordable housing in their operational programmes should be incentivised to go beyond setting policy objectives or allocating modest budgets to mitigate the effects of the housing crisis.

Well-planned building renovations, supported by more generous EU funding, should be recognised as a valuable tool for addressing social inequalities and for helping to reduce the gap between desirable and less appealing districts, thus limiting speculative transactions and rent-seeking behaviour.

When planning and implementing EU-funded building renovation and housing measures, EU Member States should consider the following recommendations:

²⁶ Ibid.

²⁷ Ibid.

²⁸ Jeanne Astier et al., <u>Performance énergétique du logement et consommation d'énergie : les enseignements des données bancaires</u>, *French Council of Economic Analysis*, 10 January 2024.

²⁹ Ibid, 3.

³⁰ Ibid., 4.

³¹ Ibid.



- Develop projects in close partnership with citizens: With the right funding and support, apartment building associations can evolve into energy communities or broader housing communities. Rather than focusing solely on individual apartment renovations, interventions can be designed at the neighbourhood level, integrating energy production, repurposing abandoned buildings to create additional housing, and improving public spaces. Urban densification can also play a role in increasing community safety.
- 2. Use neighbourhood renovations to promote housing equity: Renovations have the potential to mitigate the housing crisis, reduce costs, shorten construction timelines, and increase the availability of properties. Comprehensive urban planning involving a wide range of experts and stakeholders should become a precondition for developing financial measures while reducing opportunities for rent-seeking behaviour.
- 3. Stabilise living conditions in transit neighbourhoods: Targeted interventions should be prioritised in areas from which residents typically move once their income allows. Introducing natural landscape elements, reducing noise pollution, improving community governance, and implementing energy-efficiency renovations can all be leveraged to encourage residents to remain part of their communities, thereby reducing pressure on social housing waiting lists in more desirable districts.
- 4. Plan energy-efficiency renovations in line with current trends: Deep renovations should be evaluated in terms of cost, duration, and transformative impact. For instance, funding programmes could establish minimum insulation standards to enable the use of heat pumps and speed up electrification. This approach would allow more households to benefit from upgrades, reduce construction time, and accelerate emissions cuts, particularly when the electricity used is decarbonised.
- 5. **Integrate evaluation and monitoring mechanisms:** Financial measures should incorporate robust evaluation and monitoring tools. Universities and state agencies can play an important role in providing independent evaluations, collecting data, and proposing corrective measures for discussion with managing authorities and stakeholders.



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