



Financing Renovation in the EU via the EU Renovation Loan

20 March 2025

Financing energy efficiency building renovation



- Funding gap of **€335 billion annually between 2024 and 2030** (I4CE)
- Mission letter of **Commissioner Jørgensen**

As part of ensuring a just transition and addressing energy poverty, I would also like to entrust you with the responsibility for housing. The crises of the past years have had a direct impact on the quality of life of many Europeans. This is acutely felt when it comes to housing as millions of young people and families struggle to find affordable housing throughout Europe. We urgently need to address this, **supporting Member States to address structural drivers and unlocking public and private investment for affordable and sustainable housing.**

I would like you to **focus on attracting more private and public investment for affordable and sustainable housing.** You will work with the European Investment Bank to establish **a pan-European investment platform for affordable and sustainable housing.** You will work closely with international financial institutions, national promotional banks and institutions and other stakeholders in this work.

Tailoring financial instruments to socioeconomic groups



- **69.1%** of people in the EU are **homeowners** – 44.4% own their home outright
- 4 main **population segments** *(based on Eurostat data)*

Types of households ¹¹	Energy-poor homes	Homes with poor economics	Standard households	Wealthy households
Population	16 million	40 million	100 million	48 million
Investment need (2025-2030)	€480 billion	€1.2 trillion	€3 trillion	€1.5+ trillion
Financing model	Public	Blended	Mainly private	Private

No one-size-fits-all approach

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Instruments	Grants	EU Renovation Loan	Green mortgages		
	Trusted advance payment fund	Energy renovation mortgages			
		EU-wide renovation guarantee Guarantee funds			
		Loan-loss reserves			
		Green loans			
		On-bill schemes			

The EU Renovation Loan (ERL)



- Developed by **Climate Strategy & Partners**
- **EU-backed** but **privately contracted** loan
- **Loan collateralised** to the building
- **Zero-coupon structure**: principal and interests paid in the end, not periodically
- Homeowners pay back upon **sale**, **transfer**, or **after 30 years**



The EU Renovation Loan (ERL)



- Borrowing amount **capped at home value**
- **EU-borrowing costs** for the repayment of interests (2.5%)
- Liquidity provided by the ECB
- **EU guarantee** – a high budgetary efficiency instrument (v. grants) + **fairness** (equal access for all borrowers)
- ERL would operate at the **scale of the EU Renovation Wave** + can **leverage existing financial structures**

If you want to know more:

- Our latest report “[Bridging the Renovation Gap](#)”
- tgirardot@wwf.eu



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