Improving the energy performance of buildings and tackling the housing crisis together in European cities

Executive Summary

C40 CITIES

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Setting the scene

European cities are central to the success of the revised Energy Performance of Buildings Directive (EPBD) and in tackling the housing crisis. Buildings remain a major source of energy use and emissions, while housing affordability, availability, and quality are urgent concerns for residents. For mayors, the EPBD offers both an opportunity to deliver visible improvements for residents, and a challenge to manage potential social risks.

Mayors in Europe are feeling the pressure of being at the forefront of the housing affordability and climate crises. Decarbonising buildings, due to the decentralised nature and ownership is recognised as one of more challenging climate actions needed.

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The housing crisis is placing increasing pressure on housing affordability and security, and residents are looking for leadership from mayors to ensure homes are safe, affordable, high quality and provide secure tenure. The revised EPBD provides a framework to act on both the climate and housing crises, but its impact will depend on how it is put into practice locally. Renovation programmes can cut energy bills, improve living conditions, and create jobs – but they must be designed in an inclusive and equitable way to avoid unintended consequences like increased rents.

This executive summary presents the main findings of C40 Cities' *Policy Guide: Improving the energy performance of buildings and tackling the housing crisis together in European cities*. It is intended for mayors and decision makers, with a focus on clear risks, opportunities, and practical recommendations for municipal action to reduce emissions and tackle the affordable housing crisis.

Opportunities for cities

The EPBD is an opportunity for cities to link climate action with social inclusion and wellbeing. Energy renovations can reduce household energy consumption by up to a third, helping families save on bills and lifting many out of energy poverty. Better housing improves comfort and health, reduces illness linked to poor living conditions, and strengthens resilience to heatwaves and cold spells. Modernising public buildings such as schools, social housing, and hospitals benefits entire communities, while also reducing operating costs.

Across Europe, cities are already designing renovation programmes that create quality green jobs and provide training opportunities, particularly for young people and workers from disadvantaged backgrounds, including those transitioning from more polluting industries. By prioritising municipal, affordable, and social housing, these cities have demonstrated that the benefits of renovation can reach those most in need. With adequate resources and clear mandates, these efforts can be scaled up to deliver greater impact, strengthening public trust in climate policies and turning the transition into a driver of social cohesion.

Challenges to address

Despite the opportunities, a green transition in the housing sector also brings risks that need careful attention. Renovations, if poorly managed, can lead to higher rents, speculative investment, and in some cases, displacement of tenants. Low-income households may find it difficult to access programmes if financial support schemes are not adapted to their needs.

Municipal administrations often lack sufficient capacity, and shortages of skilled labour make delivery more difficult. Finally, residents may distrust renovation policies if they fear that costs will be passed on to them without guarantees of affordability or housing security. Cities, as the level of government closest to residents, are well positioned to recognise and address these risks.

Policy recommendations for cities

1. **Protect residents and ensure affordability.** Renovations can begin with public, social, and affordable housing, making improvements visible and accessible to those most in need. Any public support for private landlords can be linked to safeguards such as rent stability, anti-eviction measures, and a guaranteed right of return. These protections ensure that no resident is forced out of their community.

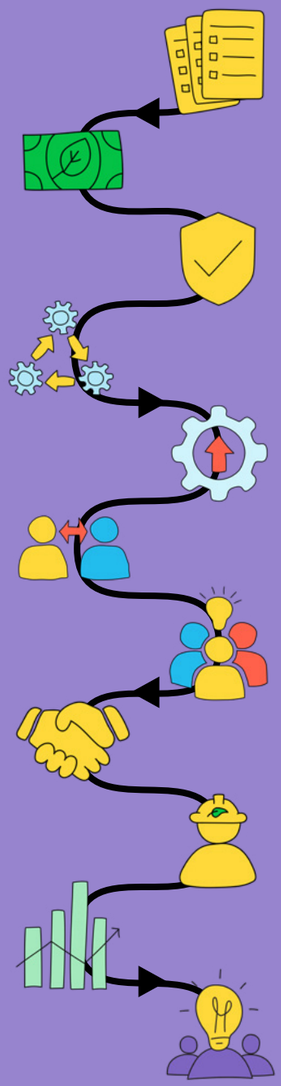
2. **Strengthen municipal capacity to deliver renovations with equity in mind.** Cities can establish renovation departments and accessible one-stop shops that provide tailored support to vulnerable groups, including older residents, disabled people, and those with limited digital access. Reliable data tools can help administrations target the least efficient buildings, while also tracking social outcomes such as reduced energy poverty and improved health.

3. **Mobilise fair finance and inclusive partnerships to deliver for residents.** Renovation funds can combine EU, national, and private resources while ensuring that schemes are accessible to households with limited means. Partnerships with community organisations, cooperatives, and social enterprises can help reach residents who are often excluded. Public procurement can be used not only to accelerate projects but also to create apprenticeships and training pathways for underrepresented groups, turning the renovation wave into an inclusive source of employment.

4. **Engage residents and build trust. Inclusive renovation requires active communication and participation.** Cities can involve residents from the start through neighbourhood consultations, trusted intermediaries, and transparent reporting on progress. Clear information on rights, benefits, and protections can counter fear of displacement and build broad community support.

5. **Close the skills gap through inclusive training to deliver the scale of renovation needed.** Cities can expand the pool of qualified workers. This can be achieved by partnering with vocational schools, training centres, and industry to create opportunities for young people, women, and disadvantaged groups to access green construction jobs. Linking lifelong learning, upskilling, and reskilling strategies to municipal renovation projects ensures that local communities directly benefit from new local employment pathways.

Roadmap for inclusive implementation



1. Long-term planning
2. Safeguard affordability and protect residents
3. Mobilise financing and make it inclusive
4. Strengthen governance and build institutional capacity
5. Simplify administration and reduce barriers
6. Enhance knowledge networks and utilise technical assistance
7. Develop local one-stop shops
8. Build trust and enable citizen participation
9. Invest in the workforce and secure a just transition
10. Systematic data collection
11. Harness digitalisation and smart renovation

This roadmap sets out steps to ensure renovation strategies are socially inclusive, technically feasible, and institutionally sustainable.

Although the roadmap is most effective when implemented sequentially, some actions can be done individually based on cities' capacities and resources.

Conclusion

The EPBD is more than a regulatory requirement. It is a chance for European mayors to deliver cleaner, safer, and more affordable homes while also strengthening social cohesion. The success of the transition will depend on whether all residents are protected and included in its benefits.

By prioritising affordable housing, safeguarding tenants, building municipal capacity and trust, mobilising partnerships that reach vulnerable groups, and engaging residents, mayors can ensure that the renovation wave becomes a success for both the climate and for social justice.

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