

# **Five Reasons Why the European Union Must Invest in Thermal Renovation of Homes for Households in Energy Poverty**

Brussels and Paris  
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51 million Europeans cannot pay their energy bills, which means they often cannot heat their homes in winter. In total, between 50 and 125 million people are living in energy poverty in Europe,<sup>1</sup> because of the poor quality of their housing. Of those, at least 5 million households experience severe material deprivation and their homes stand little chance of being upgraded either by private market landlords (most are rental homes) or by local and national public authorities; investment capacity has been reduced by budgetary austerity and cautious markets. An average subsidy of 20 – 25% of the refurbishment cost per housing unit would provide the necessary and adequate boost to allow housing upgrades to be carried out, as has been proven in several EU countries under successful national initiatives.

The President of the European Commission, Jean-Claude Juncker, announced a budget of €300 billion for investment in Europe. Allocating €50 billion (17% of the total) to thermal upgrades would improve the 5 million housing units whose residents are most affected by energy poverty. Here are the five reasons why thermal renovation of housing, targeted at those households in the most severe energy poverty, is the best possible investment:

## **Spurring Economic Recovery: Creating Jobs across the Continent**

Several European studies have shown that, for every million Euros invested in the thermal renovation of housing, 12 to 19 jobs are created. An investment of €50 billion creates 600,000 to 950,000 jobs. By their very nature, these jobs cannot be off-shored and largely target segments of the population with lower-level qualifications, who are the most affected by high levels of unemployment. The jobs created also provide the opportunity to develop “green engineering” in the construction industry. No other public investment gives a better return on investment, creates more jobs and fosters development of new technology here in Europe.

## **Fostering Energy Independence and the Trade Balance**

Europe’s energy bill is €400 Euros a year, and accounts for more than one fifth of all imports. The European Union’s dependence on energy imported from peripheral regions also has diplomatic implications. Switching to renewable energy sources is a key factor in Europe’s energy independence and our trade balance. Thermal renovation of housing is the other crucial foundation of this strategy. We don’t just need to produce energy in Europe, we also need to reduce significantly our need for energy. Thermally upgrading housing cuts energy consumption to a quarter of its original rate, in a sector that represents almost one third of all the energy consumed in Europe each year. Again, no other investment produces a better return on investment, both in terms of energy independence and improving the European Union Member States’ trade balances.

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<sup>1</sup> Eurostat and the EPEE Project, 2009 - <http://www.fuel-poverty.org/presentation.htm>

### **A Huge Boost to the Environment: Reducing CO<sub>2</sub> Emissions**

Housing produces one third of all CO<sub>2</sub> emissions in Europe, and therefore has a huge impact on the environment. If we reduced energy use in housing by three quarters through upgrades, we can make a significant reduction of carbon dioxide emissions. Investments in thermal renovation policy mean that relatively low cost investments will be rewarded by very high and long-term returns.

### **Reducing Healthcare Costs**

Groups affected by energy poverty (those who spend more than 10% of their income on their energy bill and those whose energy bill brings their “survival budget” down to that of households living below the poverty line) are much more prone to occasional and chronic illness. Studies carried out in different countries show that each Euro invested in thermal renovation of housing leads to a saving of 42 cents on health costs. Thermally upgrading housing will thus contribute not only to improving the quality of life of households but also to reducing Member States’ budget deficits.

### **Promoting Solidarity**

Energy poverty is a stark reminder of the inequality in Europe: families in poor quality housing suffer because they cannot afford to heat their homes, and this is simply not just. What’s more, it increases income inequality. The poorest households often live in those houses with the worst energy performance. Both for reasons of social justice and for reasons of efficiency, public policy must make the 30% of households with the lowest income levels in each country a priority. By targeting these households, we can get ourselves out of the energy poverty trap which sees the poorest people spending the most money to heat their homes, and in turn it would target houses that have the worst energy performance levels and have the least chance of being upgraded in the private market. The target is broad enough to ensure that people who are still living in vulnerable situations, but are just above the poverty line, are included in this solidarity measure. Investing in thermal renovation is a tool for social and territorial cohesion and will contribute to greater social justice in the EU. As a result, low-income households will have a buffer in their family budget, which will translate into increased consumer spending in local markets, creating a virtuous circle for local level economic recovery, which, as we know, creates the best jobs. Moreover, local authorities cover part of household energy costs in several Member States. Investing in energy efficiency renovation in these homes will allow these public budgets to be reallocated to other solidarity measures.

For these five reasons, we, NGOs promoting solidarity and defending human dignity, NGOs protecting the environment and stakeholders in housing, healthcare and the economy **ask the European Commission to dedicate €50 billion to the thermal renovation of homes for households in energy poverty**. This investment of 17% of the €300 billion investment budget will bring returns to all concerned.

We, the undersigned, call on the European Commission to dedicate  
“€50bn for fighting fuel poverty”:

**FEANTSA** (European Network of National Organisations Working with Homeless People)



**Fondation Abbé Pierre** for housing of disadvantaged people



**HELIO International**



**Housing Europe** – European Federation of Public, Cooperative & Social Housing



**Réseau Action Climat**



**International Union of Tenants**



**CLER** – Energy Transition Network

