RENOVATE2RECOVER:
HOW TRANSFORMATIONAL ARE THE NATIONAL RECOVERY PLANS FOR BUILDINGS RENOVATION?

NATIONAL PARTNER:

RENOVATE ESPAÑA

COUNTRY:

SPAIN

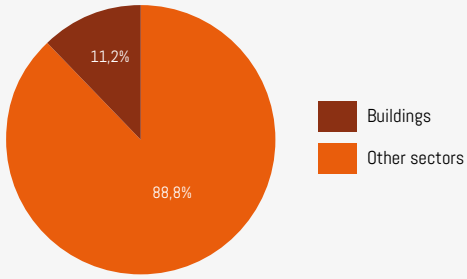
OVERVIEW:

Spain's Country Profile is based on information provided by Renovate Europe's Spanish National Partner: Spanish National Confederation of Construction (CNC) as a leading participant in Renovate España. This Country Profile focuses on the buildings elements in Spain's National Recovery and Resilience Plan (NRRP) endorsed by the Commission in June 2021.
The Plan sets out ambitious measures and objectives supported by a significant funding allocation, although further funding will be needed to meet Spain's objectives. It could be strengthened by developing wider funding plans for buildings and taking building owners' behaviour as well as supply chain capacity into account when setting milestones..

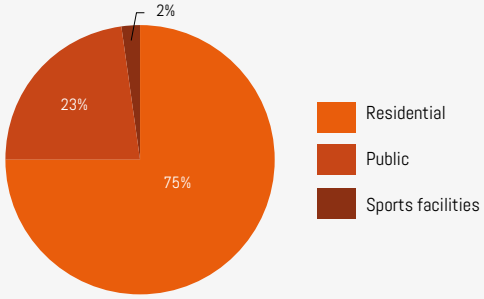
BUILDINGS IN THE CONTEXT OF THE PLAN

Spain's NRRP comprises measures worth €69.5bn. €7.8bn (11%) is allocated to buildings, the majority of which is for renovation across residential and public buildings (€6.8bn, ~10%). The residential sector attracts the highest share of investment, including €3.6bn for a multi-measure renovation programme for economic and social recovery in residential environments, €1bn for a 'Regeneration and Demographic Challenge' programme focused on smaller municipalities and low-income areas. €758m is allocated to renovation of public buildings, in addition to renovation activities supported by a €1bn allocation for the modernisation of public services, and €135m for energy efficiency of sports facilities. €1bn is allocated to the construction of new buildings for social housing

Breakdown of RRF by sector (%)



Sector breakdown of retrofit measures (%)



National Challenges

A study for the EC[1] estimates that based on floor area only 1.7% of residential sector renovations were medium depth and 0.3% deep renovations. In the non-residential sector the estimate is for 2.9% medium, and 0.5% deep renovations. Nearly 85% of existing buildings are rated E, F or G based on energy consumption. The annual number of renovated buildings increased by 10% between 2017 and 2019, but the renovation rate remains eight to ten times lower than the average for neighbouring countries and is insufficient to meet Spain's NECP objectives. According to the NRRP, key challenges to be addressed are the creation of an enabling environment for the growth of the sector, including adequate fiscal support, training and specialised workforce development. According to CNC, stimulating demand for energy renovation from consumers and supply chain actors is the main challenges to accelerating renovation.

[1] Comprehensive study of building energy renovation activities and the uptake of nearly zero-energy buildings in the EU - Publications Office of the EU (europa.eu)

Renovation plan details

CLARITY AND DEPTH OF AMBITION

The NRRP makes various direct references to Spain's Long Term Renovation Strategy (LTRS), which aims at renovating 1.2 million out of 18.7 million primary residences by 2030. The Plan estimates that, in the residential sector, a lifetime saving of 26TWh of final energy consumption would be saved by the measures (approximately 15% of 2018's final residential energy consumption), with an additional 17TWh in the non-residential sector (approximately 13%, incl. 1.5TWh from public administration buildings). Further targets are set for specific programme components. It is estimated that the NRRP will deliver on average 71,000 home renovations per year, which would exceed Spain's NECP target of 50,000 homes per year for the 2021-2026 period. It is estimated that the impact of the measures to promote renovation will lead to an average reduction in non-renewable primary energy consumption of more than 40% both in the residential and non-residential sectors. Almost all programmes require at least 30% primary energy savings to be achieved (therefore at least 'medium' depth) or obtaining energy performance class A or B certification (potentially deep renovation), to be eligible.

FINANCIAL LANDSCAPE AND PERSPECTIVE

According to Spain's LTRS, the total renovation investment required across 2020 to 2030 is €41.5bn, of which €15.5bn is expected as private investment for the renewal of cooling and heating equipment, which will be supported by €2.6bn of public investment. The funding set out in the NRRP includes €6.8bn in the form of grants – a sum broadly equivalent to the €7bn of public investment need set out in the LTRS to 2030 – complemented by an anticipated €4.5bn of private investment. Some of the Plan's programmes will link the level of grant support offered to the depth of renovation and household income, covering 30-50% of investment costs for projects with shorter payback periods, 50-70% for those with longer paybacks, and 70-100% for energy poor and low-income households.

MULTIPLE BENEFITS AND INTEGRATION

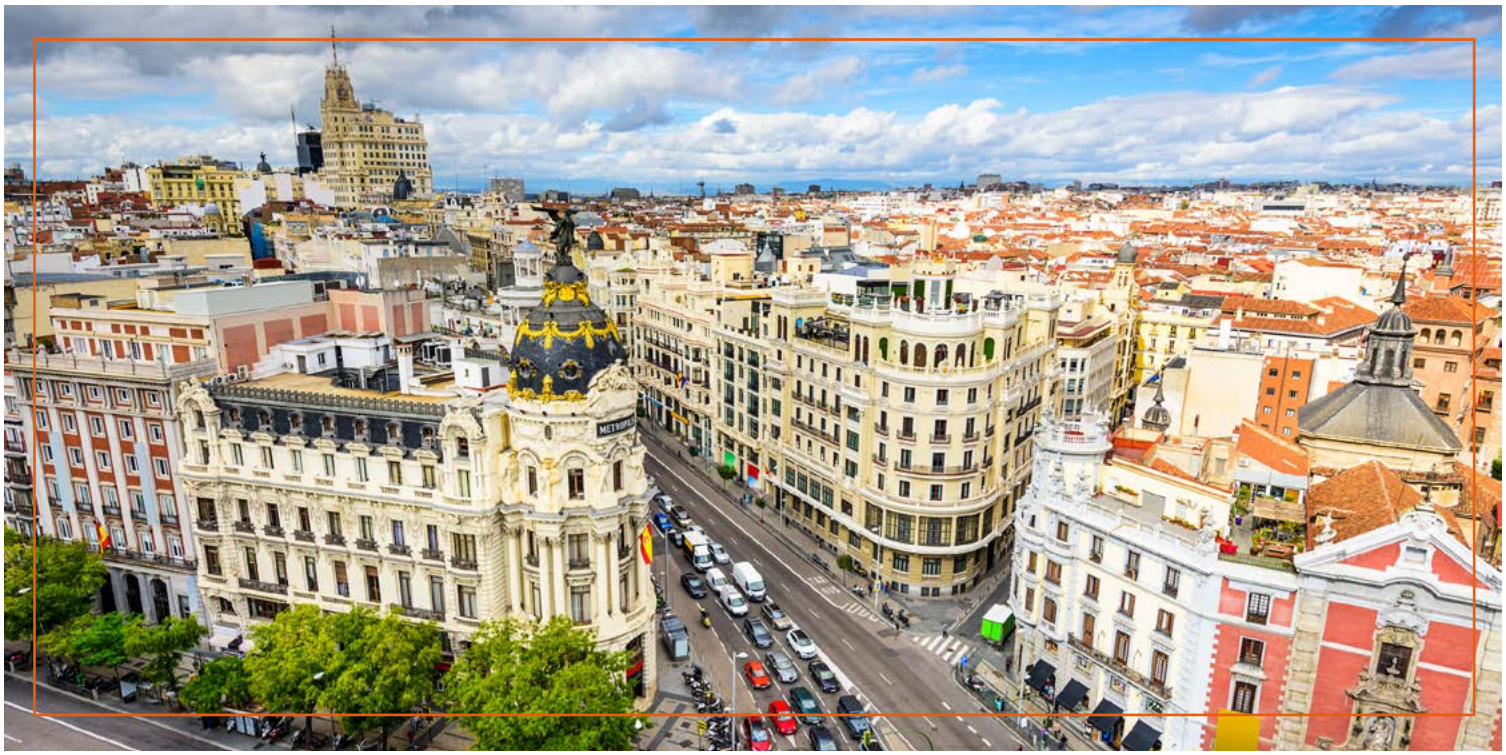
As highlighted above, renovation of buildings is expected to reduce energy poverty through targeted grants. The Plan includes the promotion of renewable energy including, but not limited to, cooling and heating as well as through energy efficiency standards intended to fully eliminate fossil fuel use in newly constructed social housing. Some of the residential programmes will include funding buildings renovation passports and their digitalisation. Implementation of digital management systems is also promoted for the public sector. The improvement of digital and telecommunication infrastructures in buildings and the urban environment is also planned. The NRRP links building renovation to wider urban and social impacts, including accessibility, conservation, improvement of security, sustainability, and habitability.

SUPPLY CHAIN AND PROJECT SUPPORT

Spain's NRRP includes measures related to the improvement of digital skills and to training, which are both of high interest to the construction sector but are still to be developed more. The NRRP proposes several reforms for strengthening the renovation framework including updates to the Housing Act and the establishment of one-stop-shops ('Renovation Offices'). A decree further develops one-stop-shops with a promotion of €800 per dwelling effectively renovated.

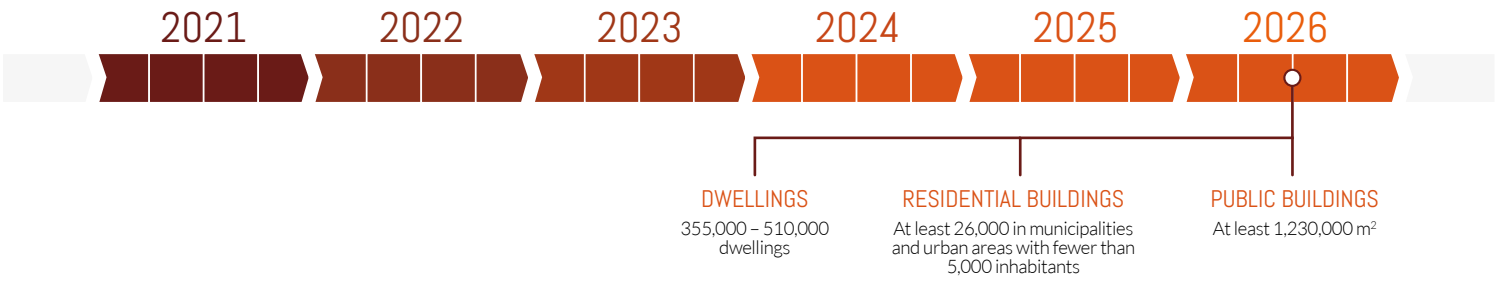
IMPLEMENTATION FRAMEWORK

The Ministry of Transport, Mobility and Urban Agenda is the lead on most measures, in collaboration with the Ministry for Ecological Transition and Demographic Challenge, and the Ministry of Finance (for fiscal measures). The Plan provides clear targets, and intermediate milestones in most cases as detailed below.



TRACKING/ TIMELINE TO 2026

The NRRP's 'Component 2 (Renovation)' sets out a range of clear renovation targets to 2026, including for example renovating:



RECOMMENDATIONS FOR IMPROVEMENT DURING IMPLEMENTATION

Spain's NRRP is set to make a significant contribution to the renovation investment need identified in the LTRS and accounts for the likely contribution of private investment. Renovations planned in the residential sector are expected to be 'medium' to 'deep' and tackle nearly 2% of Spain's primary residences by 2026, thereby laying good foundations for a sustained and growing deep renovation wave. Implementation can focus on ensuring scalability, including by:

- Introducing intermediate milestones, including on wider urban and social impacts, to ensure progress towards targets can be regularly accounted for, accurately monitored, lessons learned and applied to facilitate scale-up.
- Monitoring project take-up and investing in additional technical support (one stop shops) to help identify and guide investments, alongside a plan to mainstream building renovation passports, as well as investing in training and upskilling the workforce in a sufficient proportion.
- Leveraging the Plan to further engage Spain's financial sector to channel increasing volumes of private finance into renovation, and to create incentives for end users to engage in renovation projects.

NOTE

The survey was complemented with a targeted desk-based review of Spain's Long-Term Renovation Strategy (LTRS) to place its NRRP in context. Data regarding the breakdown of the NRRP by sector is from the **Green Recovery Tracker** and is based on the same draft Plan.

Relevant extracts from the Commission Staff Working Document and the Council Implementing Decision for the Spanish NRRP

This Annex is to be read as a supporting document to the Country Profile. While the Country Profile centres more specifically on the renovation-related investments, the Annex is more broad and covers the climate-related reforms and investments of interest to buildings.

Measure/Sub-Measure Name	Estimated Costs (EUR m), excluding VAT	Deadline	Instalment	Milestone/ target
COMPONENT 02: IMPLEMENTATION OF THE SPANISH URBAN AGENDA: URBAN REHABILITATION AND REGENERATION PLAN				
COMPONENT 02 - REFORMS				
Reform 1 (C2.R1) – Implementation of the Spanish Urban Agenda (and associated action plan)		June 2020		Entry into force of the Spanish Urban Agenda as a national urban policy that shall ensure an integrated and comprehensive strategic planning of towns and cities, and the 2020 update of the Long-Term Renovation Strategy (LTRS) for Energy Rehabilitation in the Building Sector in Spain (ERESEE). The purpose of the ERESEE strategy is to make a diagnosis of the building stock in Spain and to remove obstacles and generate new approaches to scale up building renovation, to foster investment in the sector, to increase energy saving and to reduce carbon emissions in line with climate goals.
Reform 2 (C2.R2) – 2020 update of the Spanish long-term renovation strategy and associated action plan		June 2023		Publication of detailed recommendations of Working Groups to implement the 2020 update of the Long-Term Renovation Strategy (LTRS) for Energy Rehabilitation in the Building Sector in Spain (ERESEE). The purpose of the ERESEE strategy is to make a diagnosis of the building stock in Spain and to remove obstacles and generate new approaches to scale up building renovations, to foster investments in the sector, to increase energy saving and to reduce carbon emissions in line with climate goals.
Reform 2 (C2.R3) – Housing Law		Sept 2022		The objective of this measure is to implement, by means of the Housing Law, a first of a kind regulation in Spain, to address the various public planning, programming and collaboration instruments already in place to support the right to decent and adequate housing. It shall address the rehabilitation and improvement of the existing housing stock, both public and private, and regeneration and renewal of the residential environments in which they are located, to improve the quality of life. The law shall encourage an increase in the supply of affordable and social housing by ensuring compliance with the requirements currently laid down for nearly zero-energy buildings according to the Basic Energy Saving Document (DB-HE) of the Technical Building Code (CTE).
Reform 3 (C2.R4) – Law on the Quality of Architecture and Building Environment and New National Architecture Strategy		Sept 2022		Adoption of the Law on Quality of Architecture and the Building Environment including an integrated approach to rehabilitation which shall boost the growth of the nearly zero-energy building stock, not only among new buildings but also between existing buildings. The law shall lay down the principle of quality in architecture and built environment, establishing environmental sustainability and the contribution to the achievement of energy efficiency targets as one of the key assessment criteria, and guiding the necessary rehabilitation of the park towards an integrated approach to rehabilitation.
Reform 4 (C2.R5) – Renovation offices ('one-stop-shop')		Sept 2021		The objective of this measure is to encourage and extend the local renovation offices set up in some municipalities to accompany households and communities of owners in the highly complex tasks of rehabilitating a residential building. Adoption of Royal Decree setting out the scope of Renovation Offices ('one-stop shops') and their financing. The Sectoral Housing Conference shall be held and the public information phase and other legal procedures shall be completed before finalisation of the Royal Decree.

Measure/Sub-Measure Name	Estimated Costs (EUR m), excluding VAT	Deadline	Instalment	Milestone/ target
Reform 5 (C2.R6) – Improved funding for renovation actions		Sept 2022		The objective of this measure is to addresses one of the main impediments to the launching of the renovation activity, namely access to finance on favourable terms. To have a renovation loan approved it is, at times, necessary to grant an individual owner within a building. This has represented an obstacle for the deep and integrated renovation of buildings. To address this issue, the measure: - Establishes a new Instituto de Crédito Oficial (ICO) guarantee line to partially cover the risk of loans granted by private financial institutions to renovate residential buildings; -Promotes the adoption of specific regulatory provisions, including the reform of the Horizontal Property Law, to improve access to finance for communities of owners; and -Encourages the deployment of green finance by financial institutions.
COMPONENT 02 - INVESTMENTS Investment 1 (C2.I1) – Rehabilitation programme for economic and social recovery in residential environments The objective of this measure is to support energy efficiency renovations in residential buildings and neighbourhoods. The actions under this measure shall implement at least 510 000 renovation actions in at least 355 000 unique dwellings, achieving on average a primary energy demand reduction of at least 30 % verified by energy performance certificates. The following actions shall be supported:				
Investment 1 (C2.I1) – Rehabilitation programme for economic and social recovery in residential environments The objective of this measure is to support energy efficiency renovations in residential buildings and neighbourhoods. The actions under this measure shall implement at least 510 000 renovation actions in at least 355 000 unique dwellings, achieving on average a primary energy demand reduction of at least 30 % verified by energy performance certificates. The following actions shall be supported:				
C2.I1.a.i Energy rehabilitation of buildings with on average primary energy savings of at least 30%	856	Q4 2023	6	A programme to support energy renovations at neighbourhood level, by providing grants and other support with on average EUR 20 000 per dwelling. The programme shall renovate at least 600 hectares of urban areas, achieving on average a primary energy demand reduction of at least 30 % verified by energy performance certificates. The actions include improving energy efficiency, deploying infrastructure for electric mobility, improving the accessibility of buildings and removing hazardous substances. A maximum of 15 % of the measure shall be dedicated to improvements at the level of neighbourhoods, such as improvements of outdoor lighting, cycling paths, green infrastructure and drainage systems, taking into account the socio-economic characteristic of the neighbourhood. At least 231 000 residential dwelling renovation actions in at least 160 000 unique dwellings completed, achieving on average at least a 30 % primary energy demand reduction (cumulative).
C2.I1b.i Energy rehabilitation of buildings with on average primary energy savings of at least 30%	1 716	Q2 2026	8	A programme to support energy renovations of residential buildings by providing grants of on average EUR 15 000 per dwelling. The level of support is higher for those actions for which the reduction of primary energy demand is higher and for low-income households. The actions include improving energy efficiency, deploying infrastructure for electric mobility, improving the accessibility of buildings and removing hazardous substances. At least 600 hectares of land in areas or neighbourhoods subject to renewal completed.
C2.I1b.ii Existing building book/Rehabilitation projects to improve energy efficiency	278			
C2.I1c Favourable environment to rehabilitation activity (tax incentives): line of action 3	450	Q2 2026	2	A set of activities shall address the incentives for energy renovations. This comprises, among others, (i) the possibility to deduct renovations from the personal income tax if at least a 30 % primary energy demand reduction is achieved, and (ii) the improvement of the funding framework by encouraging public-private partnerships.

Measure/Sub-Measure Name	Estimated Costs (EUR m), excluding VAT	Deadline	Instalment	Milestone/ target
INVESTMENT 2 (C2.I2) – PROGRAMME FOR THE CONSTRUCTION OF SOCIAL RENTED HOUSING IN ENERGY-EFFICIENT BUILDINGS				
C2.I2 New programme to promote affordable rented housing, which are energy efficient (at least 20% lower primary energy demand compared to the NZEB requirements)	1 000	June 2026	2/8	The objective of this measure is to build at least 20 000 new dwellings for social rental purposes or at affordable prices compliant with energy efficient criteria. These shall be built in particular in areas in which social housing is currently insufficient and on publicly owned land. The primary energy demand of the social housing shall be at least 20 % below the requirements of nearly zero-energy buildings. To this end, a Royal Decree shall lay down the technical requirements to limit the value of primary energy demand to 80 % of the limit set in section HE 0 of the Basic Energy Saving Document (DB-HE) of the Technical Building Code (CTE).
INVESTMENT 3 (C2.I3) – ENERGY REHABILITATION OF BUILDINGS PROGRAMME				
C2.I3 Energy Rehabilitation of Buildings Programme (PREE), aligned with energy efficiency criteria with on average primary energy savings of at least 30%	300	Q4 2023	6/8	The objective of this measure is to support energy renovations of an equivalent of at least 40 000 residential buildings and 690 000 m2 of non-residential buildings and by improving energy efficiency and integrating renewable energy. The programme only supports renewable energy, excluding fossil fuels, provides a higher aid intensity for Energy Communities and allows for pre-financing the renovation actions. The specific actions cover the improvement of energy efficiency by thermal insulation, the use of renewable energy in heating and cooling systems, and improving the lighting system. An eligibility criterion is foreseen that on average a primary energy demand reduction of at least 30 % is achieved verified by energy performance certificates.
INVESTMENT 4 (C2.I4) – REGENERATION PROGRAMME AND DEMOGRAPHIC CHALLENGE				
C2.I4 Energy transition programme and demographic challenge with on average primary energy savings of at least 30%	1 000	June 2026	8	The objective of this measure is to support renovations of buildings in municipalities and urban areas with fewer than 5 000 inhabitants: At least 26 000 residential dwellings renovated in municipalities with less than 5 000 inhabitants, achieving on average at least a 30 % primary energy demand reduction. At least 250 unique clean energy projects completed at local level in municipalities with less than 5 000 inhabitants.
INVESTMENT 5 (C2.I5) – PUBLIC BUILDINGS REHABILITATION PROGRAMME				
C2.I5a Energy rehabilitation of public buildings with on average primary energy savings of at least 30%	758	Q4 2024	7	The objective of this measure is to support renovations of buildings in municipalities and urban areas with fewer than 5 000 inhabitants: At least 26 000 residential dwellings renovated in municipalities with less than 5 000 inhabitants, achieving on average at least a 30 % primary energy demand reduction. At least 250 unique clean energy projects completed at local level in municipalities with less than 5 000 inhabitants.
		Q2 2026	8	At least 1 230 000 m2 (cumulative) of renovated public buildings achieving on average at least 30 % reduction in primary energy demand.
COMPONENT 11: MODERNISATION OF PUBLIC ADMINISTRATIONS				
C11.I4 Energy Transition Plan in the General State Administration with on average primary energy savings of at least 30%	1 071	Q4 2024	7	At least 140 000 m2 of energy renovations completed on public buildings, achieving on average at least a 30 % primary energy demand reduction.
		Q2 2026	8	At least 1 000 000 m2 of energy renovations completed in public buildings, achieving on average at least a 30 % primary energy demand reduction. (baseline: 31 December 2024)
COMPONENT 12: INDUSTRIAL POLICY				
C12.I2e Support to sustainable industrial infrastructure: line of action 5	13	Q4 2022	6/8	Award of at least EUR 1 200 000 000 by the Minister of Industry to at least 78 innovative projects, including those linked to approved PERTEs (at least 3), that involve a substantial transformation of industry in terms of energy efficiency, sustainability and digital transformation.

Measure/Sub-Measure Name	Estimated Costs (EUR m), excluding VAT	Deadline	Instalment	Milestone/ target
COMPONENT 12: INDUSTRIAL POLICY				
C26.I2a Modernisation of sport facilities to improve their energy performance according to energy efficiency criteria	34+73=106	Q4 2025	8	At least 40 technical centres and 45 sport facilities shall have been renovated and will have achieved improved energy efficiency and/or optimisation of use through digitalisation, and/or improved accessibility. The objective of this measure shall be to upgrade existing sports facilities, including sports facilities that may attract tourism and high-performance sports centres. This shall be achieved through their digitisation for an optimal use and on an improvement in their energy efficiency that is expected to obtain savings of at least 30 % of primary energy demand. The selection criteria for investments carried out under this component shall ensure compliance with the 100 % climate tracking for at least EUR 106 000 000.
C26.I3a Modernisation of sports installations to improve energy efficiency according to energy efficiency criteria	28	Q4 2023	6	Completion of actions under the Social Plan for Sport, including renovation of at least 40 sport facilities and actions to promote the presence of women in professional sports (training programs, marketing campaigns, and studies). Interventions on energy efficiency shall achieve on average at least a 30 % primary energy demand reduction. The list of facilities shall be made public. The selection criteria for investments carried out under this component shall ensure compliance with the 100 % climate tracking for at least EUR 27 500 000 million out of the total investment.

EXPLANATORY DOCUMENT TO ACCOMPANY COUNTRY PROFILES

READ THE FULL STUDY ON WWW.RENOVATE-EUROPE.EU

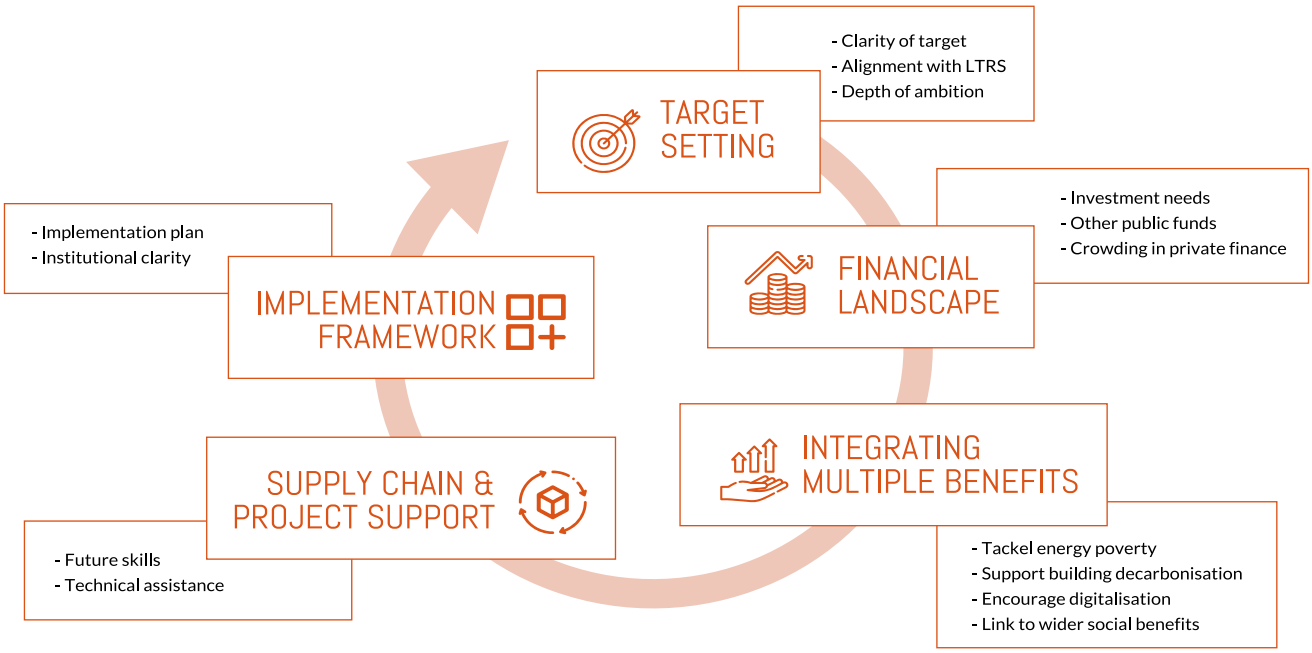
ABOUT THIS STUDY

This Study assesses the buildings-related elements of the National Recovery and Resilience Plans (NRRPs) in 18 Member States[1]: Austria, Belgium, Bulgaria, Croatia, Czechia, Denmark, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Poland, Romania, Slovakia, Slovenia and Spain[2]. The aim is to understand whether NRRPs position countries to achieve longer-term targets for more and deeper renovation, and whether NRRPs have the potential to be **'transformational'** on the path to achieving national goals set out in Long Term Renovation Strategies and EU goals set out in the Renovation Wave strategy.

The Country Profiles in this Study centre on the **investment measures** for energy renovation in the NRRPs. The aim is to identify where investments will flow, what types of energy renovation will be supported, and to offer guidance to support and improve the quality of investments to maximise their impact and scalability. The Study does not assess the reform measures included in NRRPs due to their uniqueness for individual countries.

ASSESSMENT METHODOLOGY AND SCOREBOARD

The Study was developed by E3G, bringing its experience of working on the Green Recovery Tracker, and was delivered in close cooperation with Renovate Europe's National Partners and Campaign Office. In each Country Profile, the Plans are assessed against five overarching criteria, each comprising several sub-criteria (summarised below). The assessment is **qualitative.** Each Country Profile is accompanied by an annex that sets out, in more detail, the various programmes and reforms that each Member State includes in its NRRP with extracts drawn from the European Commission's assessment of the NRRPs and the European Council's Implementing Decision for each NRRP.



1 Note: summary data here excludes Greece as the study is not complete yet

2 Renovate Europe has National Partners in 17 of these Member States, and cooperated on a separate basis with Mur Manteau and Renovons initiative in France. Renovate Europe's 18th National Partner (in the Netherlands) was unable to participate in this Study as the Dutch NRRP has not yet been published.

SCORING METHODOLOGY

For each of the five criteria, the NRRPs are provided with an aggregate score. The aggregate score is based on the sum of points of individual sub-criteria. The points were allocated as follows: 1 point - not addressed; 2 points – needs improvement; 3 points – strong; 4 points - transformational. The aggregated score is reflected in the 'play button' infographic for each of the criteria at the top of the country profiles. Those are summarised below.

Normalised* points range	Score	"Play button" Infographic
2.5 – 4.0	"Not addressed"	
4.1 – 6.3	"Needs improvement"	
6.4 – 8.5	"Strong"	
8.6 – 10	"Transformational"	

** The five criteria have a different set of sub-criteria, and as a result have different minimum and maximum points. The scores have been normalised to a base of 10 points. This still leaves some variation within the ranges, so comparison between criteria and countries should be treated with caution.*

A UNIQUE OPPORTUNITY TO GET RENOVATION ON TRACK

National Recovery and Resilience Plans (NRRPs) present a unique opportunity to accelerate the delivery of deep renovation across the EU. The analysis of the NRRPs in this Study demonstrates that significant renovation activity is planned and will be made possible through the successive disbursements of the Recovery Funding. But these renovations must be done properly, and the money must be spent well. This unprecedented additional injection of public funds must set the EU building stock firmly on the path to achieving its Renovation Wave goals to 2030 and meeting the 2050 climate targets.

For NRRPs to be transformational towards achieving these goals, two key aspects need to be strengthened:

1. **Ensure funding delivers a step change towards realising deep (or staged deep) renovations, going well beyond the 30% minimum energy saving recommendation set by the European Commission.**
2. **Invest in the right enabling framework, including leverage of private finance, to create sustainable renovation markets that will grow beyond 2026**

UNDERPINNING A STRONG FIT-FOR-55 PACKAGE FOR BUILDINGS

This Study demonstrates significant interest in investing in building renovation, which can contribute to a strong outcome for the **Fit-for-55 legislative proposals**, all of which would enter into force while NRRP funding is being invested. The strength of the overall package is critical for delivering on renovation, with individual elements playing pivotal roles. For example, the introduction of mandatory **Minimum Energy Performance Standards** (MEPS) under the EPBD would send a strong signal to the whole renovation value chain, from institutional investors to building users.

Done right, NRRP investment can ease agreement on, and the implementation of, a more ambitious legislative package for buildings – a virtuous cycle between ambition and deliverability that can drive the creation, investment in, and sustained growth of renovation markets across the EU. To unlock this, it will be critical to establish a positive feedback loop between EU institutions (in supporting effective deployment of NRRP funds) and Member States (in backing a strong legislative outcome from Fit-for-55 negotiations) that delivers a significantly improved building stock for citizens. Informed by the assessment below, Renovate Europe and its National Partners will work to support this outcome.

RENOVATE 2 RECOVER

NINE RECOMMENDATIONS TO MEMBER STATES TO MAKE THEIR RECOVERY PLANS TRANSFORMATIVE

AMBITION

1. Prioritise deep renovations and scalability in the design and implementation of schemes
2. Accompany each funded building project with a Renovation Roadmap to 2050

FINANCING

3. Improve scheme longevity and impact by crowding in private finance

MULTIPLE BENEFITS

4. Integrate renovation with heat decarbonisation and apply Energy Efficiency First Principle consistently
5. Embed renovation alongside wider political and socio-economic priorities

SUPPORT

6. Strengthen Technical Assistance at regional and local levels
7. Fund further One-Stop-Shops and information centres to support customers, exchange best practice
8. Upskill the workforce through reliable accreditation systems

IMPLEMENTATION

9. Engage in better monitoring and aggregation of data to measure impact

RENOVATE EUROPE

Extracted from the E3G/Renovate Europe Study on National Recovery & Resilience Plans
October 2021