EU Sustainable Buildings Policy: How do we Achieve Market Transformation?
Background

• ‘Resource Efficient Europe’ is one of EU’s flagship policies under the ‘Europe 2020’ strategy. Buildings identified as key sector where action is needed.

• Commission’s ‘Roadmap to a Resource Efficient Europe’ contains 2020 milestones for building sector:

> “By 2020 the renovation and construction of buildings and infrastructure will be made to high resource efficiency levels. The Life-cycle approach will be widely applied; all new buildings will be nearly zero-energy and highly material efficient, and policies for renovating the existing building stock will be in place so that it is cost-efficiently refurbished at a rate of 2% per year. 70% of non-hazardous construction and demolition waste will be recycled”
EU Policy-Making Process

• Commission (DG Environment) now working on how we get there

• Public consultation on sustainable buildings July – Oct 2013

• Commission to publish ‘Communication on Sustainable Buildings’ in 2014

• Will put forward proposals for policy/legislation
Why do we need to take action?

Lack of political support/incentives is one of the key challenges.

Inaction will impact the EU’s competitiveness in an increasingly global market, and given its resource constraints.
Low awareness is a key barrier

Misconceptions about the costs of green building exist and there is low awareness of the business benefits

THE PERCEPTION GAP

-0.4% to 12.5%
Cost premium for green buildings (actual costs based on various studies)

0.9% to 29%
Estimated cost premium for green buildings (based on design stage estimates and surveys)

Source: World Green Building Council
The Perceived Problem

**PROBLEM TREE**

**Effect:**
Negative environmental and economic impacts due to the inefficient use of resources

**Problem:**
Failure to consider life-cycle impact
- Manufacture
- Construction
- Use phase
- End-of-life

**Causes:**
- Imperfect information on environmental performance of buildings
  - Different methods not comparable
  - No awareness of benefits of green buildings
- Few buildings assessed
- Landfilling cheaper than sorting
- Quality of sorted waste material
  - Regulatory barriers
  - Primary raw materials cheaper than secondary raw materials
- Uncertainty in demand and supply chain of secondary raw materials

Source: European Commission
What should new EU policy focus on?

Areas highlighted by consultation respondents:

• Material use for construction products
• Energy use for construction products
• Durability of construction products
• Deconstruction and recyclability
• Management of construction and demolition waste
• Flexibility of building design
• Water consumption in the use phase
What should new EU policy focus on?

We know that some elements which sit outside ‘resource efficiency’ are actually key elements for driving demand for more sustainable buildings. Therefore, any initiative which focuses only on resource efficiency risks failure in terms of driving demand in the market.
**Where should new EU policy focus?**

Market demand for green already driving commercial activity, but lower demand in Europe for green institutional and very low demand for green residential in all regions.

<table>
<thead>
<tr>
<th>Sectors with Planned Green Building Activity Over the Next Three Years (by Location of Respondent in 2012)</th>
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<tbody>
<tr>
<td><strong>Top Three Sectors for Country/Region</strong></td>
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<tr>
<td>New Commercial Construction (e.g., Office, Hotel)</td>
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<tr>
<td>57%</td>
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<tr>
<td>Existing Buildings/Retrofit</td>
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<tr>
<td>56%</td>
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<tr>
<td>New Institutional Construction (e.g., School, Hospital)</td>
</tr>
<tr>
<td>52%</td>
</tr>
<tr>
<td>Communities (Mixed-Use Development)</td>
</tr>
<tr>
<td>20%</td>
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<tr>
<td>New High-Rise Residential (4 Floors or More)</td>
</tr>
<tr>
<td>21%</td>
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<tr>
<td>Commercial Interiors</td>
</tr>
<tr>
<td>35%</td>
</tr>
<tr>
<td>New Low-Rise Residential (1–3 Floors)</td>
</tr>
<tr>
<td>14%</td>
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<td><strong>US</strong></td>
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</tbody>
</table>
Where should new EU policy focus?

Products travel across borders, so harmonised rules make sense (a global solution would be preferable)

Highest priority for EU intervention (on basis of demand and other factors)

Lowest priority for EU intervention (on basis of demand and other factors)

1. Construction Products
2. Public Buildings
3. Residential Buildings
4. Non-residential Buildings
What should new policy look like?

What policies did consultation respondents favour?

- **Assessing environmental performance (buildings):**
  - A mandatory European framework with core indicators. Later on, a set of benchmarks to define good performance

- **Assessing environmental performance (products):**
  - Mandatory EU EPDs
  - Common EU database for EPDs / Support software tools

- **Stimulating demand:**
  - Mandatory GPP or mandatory targets
  - Label/certificate providing information on environmental performance
  - Provide guidance to Member States on financial incentives

- **Efficient use of materials:**
  - Introduce quality standards / support markets for secondary materials
Our key product level policy recommendations

Phase-in Environmental Product Declarations

<table>
<thead>
<tr>
<th>Phase 1</th>
<th>Phase 2</th>
<th>Phase 3</th>
<th>Phase 4</th>
<th>Phase 5</th>
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<tbody>
<tr>
<td>Information dissemination followed by public consultation on EN15804 to agree robust harmonised LCA standard for construction products</td>
<td>Support work to EPD Platform to be completed so infrastructure for cross-border EPD recognition in place (based on EN15804). Commission set clear framework for generic EPDs</td>
<td>EU Green Public Procurement requirements to be introduced at building level, including requirement for EPDs (based on EN15804) from public sector supply chain</td>
<td>EU and national EPD support schemes in operation, including support for SMEs. Incentives for EPDs put in place (e.g. tax)</td>
<td>Mandatory EU EPD requirement to be introduced for companies placing construction products on the market</td>
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</table>
## Our key building level policy recommendations

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<th>Phase 5</th>
<th>Phase 6</th>
</tr>
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<tr>
<td>Information dissemination followed by public consultation on CEN/TC 350 and other relevant initiatives, to create robust EU framework of LCA common indicators and calculation methodologies.</td>
<td>Publish EU framework of LCA common indicators and calculation methodologies to enable existing initiatives (e.g. green building rating tools) to align with this. Launch information campaign on benefits of performance improvements under indicators.</td>
<td>EU Green Public Procurement criteria to be introduced at building level, based on EU framework of LCA common indicators and calculation methodologies. Provision of public sector lifecycle costing training to be a Member State requirement. EU funding made conditional on applying GPP criteria.</td>
<td>Collection of data across national GPP programmes. Data used to inform benchmarking on a national basis, supported by Commission. Feasibility of basic EU labelling scheme (based on certain key indicators) for residential sector to be assessed.</td>
<td>Member States introduce financial/fiscal incentive schemes for sustainable buildings based on country benchmarks (informed by Commission guidance). Existing initiatives (e.g. rating tools) used to demonstrate eligibility.</td>
<td>Basic residential labelling scheme (based on common indicators) introduced if feasibility studies prove viable. Used to demonstrate eligibility for national financial/fiscal incentive schemes.</td>
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Key Next Step!

Agree an EU framework of common indicators and calculation methodologies for the lifecycle performance of sustainable buildings based on the work of CEN/TC 350 and other relevant initiatives.

1 agreed, harmonised framework for Europe!

Other relevant initiatives
EU Sustainable Buildings Policy: Any Questions?

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