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Euroopan komissio

https://ec.europa.eu/info/law/better-regulation/have-your-say/initiatives/14396-Energy-efficient-buildings-portfolio-framework-to-increase-lending-for-renovations-delegated-act-/public-consultation_en

Asia: Energy efficient buildings – portfolio framework to increase lending for renovations (delegated act)

LAUSUNTOPYYNTÖ: ENERGY EFFICIENT BUILDINGS – PORTFOLIO FRAMEWORK TO INCREASE LENDING FOR RENOVATIONS (DELEGATED ACT)

Suomen Kiinteistöliitosta	<p>Suomen Kiinteistöliitto ry (Kiinteistöliitto) on kiinteistönomistajien edunvalvoja ja kiinteistöalan asiantuntijaorganisaatio. Kiinteistöliittoon kuuluu 23 alueellista kiinteistöyhdistystä, joiden jäsenkunta muodostuu pääsiallisesti asunto-osakeyhtiöistä. Kiinteistöliiton jäsenkuntaan kuuluu myös mm. kuntien omistamia ja yleishyödyllisiä vuokraloyhteisöjä. Alueellisten kiinteistöyhdistysten jäsenistöön kuuluu yhteensä n. 34 000 asunto- ja kiinteistöosakeyhtiötä.</p> <p>Lisäksi Kiinteistöliittoon kuuluu Suomen Vuokranantajat ry, jossa on jäsenenä noin 25 000 yksityishenkilöä tai muuta tahoa, jotka vuokraavat asuin- ja liikehuoneistojaan asunto- ja kiinteistöosakeyhtiöissä.</p> <p>Jäsenkuntamme piiriin kuuluu arviolta noin 2 miljoonaa suomalaista.</p>
Kiinteistöliiton lausunto	<p>Lausunto on jätetty https://ec.europa.eu/info/law/better-regulation/have-your-say -palvelun kautta. Alla Kiinteistöliiton vastaukset esitettyihin kysymyksiin.</p>

18. In your view, how can public authorities improve the risk-return profile of all types of energy renovation projects (for residential and non-residential buildings), making them more attractive to private investors (lenders and the refinancing market)?

In Finland, roughly one third of all homes are located in areas where obtaining loans has become increasingly difficult due to the low value of real estate (average property value of €1,000 per m² or less, source: <https://julkaisut.valtioneuvosto.fi/items/6926ab9a-db29-4af9-9dbe-fc53e77e7c7a>). Nearly two thirds of homes are located in areas where securing loans for major renovations is difficult (average property value of €2,000 per m² or less). As a rule of thumb, the value of the property should be at least twice the value of the renovation for a financial institution to grant a loan.

Public authorities can provide guarantees to private real estate owners for their bank loans. They can also offer guidance on renovations and provide financial support. If timely and adequate renovations are neglected and repair debt accumulates, it becomes increasingly difficult to obtain loans as collateral values

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decline. Therefore, all public measures that support renovation tend to help property owners secure financing for further renovations to improve energy efficiency. These measures include direct financial support, beneficial tax practices (e.g. lower VAT rates for renovations and avoiding double taxation), guidance, and loan guarantee programmes. Also, the legislation should support the property owners to save for the renovations for themselves. For example, household-owned housing companies should pay taxes from their renovation savings.

To mobilise investment in renovations, the application process must be simple and straightforward. It should be facilitated by financing institutions already operating locally to make it easy for borrowers. Banks should be allowed to use and channel EU funding through existing instruments to avoid situations where borrowers are confused by the abundance of different schemes. Whenever possible, only one instrument should be used at a time, so that borrowers do not have to construct complex financing arrangements, which naturally increase the threshold for embarking on any project.

19. Are there any specific non-financial measures that you would like to see implemented to support the supply of and demand for energy renovation financing?

Guidance should be provided on how to obtain financing and how to carry out renovations. Public authorities could also help estimate renovation needs and support renovation planning.

It should be noted that any additional regulation that makes renovating a) more difficult or b) more costly will likely reduce the number of renovations. Scarce resources should not be directed towards reporting requirements but towards planning and the renovation itself. This is particularly important for ordinary homeowners rather than professionally operating companies.

That said, not all regulation is ineffective. Renovations carried out at the appropriate point in the building's life cycle are the right time to improve energy efficiency. Therefore, requiring higher energy efficiency standards when renovations are undertaken is the right step forward in tackling the climate crisis.

20. Are there any specific government programmes or policies that you have found effective in mobilising private capital for energy renovation projects (for both housing and non-residential buildings, including the various categories therein)?

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Unfortunately, EU funding has not reached Finnish small property owners such as homeowners. For example, the number of single-family homeowners or limited liability housing companies that have received EIR funding appears to be minimal. At the same time, financing institutions have indicated that they prefer to use their own financing tools instead of new EU instruments. As underlined above (answer 18), it is paramount to make the lending process as easy as possible and to make use of existing financing instruments in the Member States.

In the Finnish context, it is of utmost importance to understand that approximately half of the population lives in limited liability housing companies. This is the most common way of owning an apartment in Finland. It has similarities to condominiums but differs in certain respects. In the Finnish model, households own shares in the limited liability housing company, and these shares entitle them to occupy the apartment. They do not, however, own the apartment, the parking space, or any other physical part of the building. Therefore, all major renovations are carried out by the housing company, not by individual households. The housing company is the legal entity that takes out the loan and undertakes the renovation. Individual households cover the cost of the renovation through capital expenditure charges.

This is important, because if renovation financing criteria are targeted only at households, all households living in limited liability housing companies are excluded. Therefore, all financing models should be designed to include the possibility for household-owned housing companies to receive financing and support.

21. In your view, does the current legislative framework, including the EU taxonomy and the Energy Performance of Buildings Directive, provide adequate and appropriate criteria to define and qualify the scope of lending for energy renovation (for strategic planning, marketing or reporting purposes, etc.)?

At present, EU frameworks have helped financing institutions introduce new green instruments. The biggest impact has been amongst the institutional investing and professional property owners. However, the green funding instruments are not widely used by households. The challenge has been that the requirements for obtaining these loans tend to be stricter than for other loans (including how much the energy efficiency must improve), while the margins are only marginally lower. Since higher energy efficiency standards must be achieved, renovation costs are higher. To compensate, margins and loan terms should be significantly better than those offered by other loans. The goal eventually should be that making the climate and nature friendly option is the most affordable option, too, at least when considering the life-cycle cost savings.

22. Which EU-level initiatives could in your view support the provisions of financing for energy renovations (e.g. action plan to be adopted by financial institutions, criteria for potential energy renovation labels, initiatives under the European Affordable Housing Plan, other)?

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The EU should mobilise funding through existing financing institutions and their instruments to make the lending process as straightforward as possible. The EU should also provide comparable data on building stock, energy use, and energy efficiency. At present, comparing the energy efficiency of building stock across Member States is unnecessarily difficult, as each country defines energy classes differently in its energy certificates. For example, a building considered energy class A in one Member State may be considered class C in another. The EU should further harmonise such classifications.

23. In your view, how could financial institutions and financial intermediaries be supported to increase their clients' awareness of existing energy performance requirements, the benefits of energy renovations, climate risks and the technical assistance and information tools available?

Financing institutions could be instructed to provide information about climate- and nature-friendly instruments when borrowers apply for loans. If applicant is applying for "regular" renovation loan, it could be mandatory to tell them about the existing green alternatives in the same way pharmacies are obliged to provide information of less expensive alternatives for the medicines.

24. What in your view can be done to make it easier for financial institutions to target worst-performing buildings specifically?

It should be noted that in many cases, especially in Finland, the worst-performing buildings are those in the poorest condition and located in remote areas experiencing population decline, with little or no market value. In such situations, there is often little reason to renovate these buildings at all. Frequently, they are inhabited by elderly people who are reluctant to undertake any renovation that is not absolutely necessary.

If a building remains in use for only a few years, the renovation will never pay itself back and may even cause more emissions than the energy savings achieved. Therefore, the focus should not be strictly on the worst-performing buildings, but rather on low energy-efficiency buildings that are likely to have a long life cycle ahead of them. Most energy-efficiency gains are expected to occur in cities. Where property values are sufficiently high, lenders should not face problems in providing loans. It is important that loan terms are beneficial for borrowers, in order to at least partly offset the additional costs associated with higher ambition in energy-efficiency renovation.

To minimise risks for lenders and mobilise funding for the worst-performing buildings, the EU should, through existing local financing institutions, provide loan guarantees covering 100 percent of the loan. If guarantees do not cover the

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full loan amount, borrowers will need additional guarantees, which makes obtaining financing more difficult and raises the threshold for implementing renovations.

25. What in your view can be done to make it easier for vulnerable building owners to access appropriate financing for energy renovation?

For a just transition, it is essential that households in the most vulnerable position, including apartment owners in limited liability housing companies, receive support enabling them to move from fossil fuel-based heating systems to more climate-friendly alternatives. At present, it appears that vulnerable apartment owners in Finland will be excluded from support under the Social Climate Fund. Roughly half of Finland's population lives in limited liability housing companies.

In the Emissions Trading System (ETS2), carbon dioxide emissions from the combustion of fuels in buildings are addressed. The ETS2 requires Member States to decide how to use revenues from the auctioning of emission allowances, in order to phase out coal in building heating and to provide financial support to low-income households living in the least energy-efficient buildings. This financial support is distributed through the Social Climate Fund.

In the Finnish apartment ownership model, renovations are carried out by housing companies rather than individual persons. As a result, it is very unlikely that individuals will receive financial support under ETS2. The Commission has addressed this issue as follows (E-001228-2025):

“Article 9 of the Regulation on the Social Climate Fund allows support to be provided through intermediaries, provided that the benefit is fully transferred to vulnerable households and appropriate safeguards are in place. Accordingly, investments and measures carried out by Finnish housing companies could be eligible for funding if they are included in Finland's social support plan for climate action and if the measure can be designed in such a way that the benefit is fully transferred to vulnerable households (shareholders or tenants), for example by improving the building and reducing heating costs.” (Non-official translation)

Our interpretation is that if even one person living in a housing company is not considered “most vulnerable,” the entire housing company is excluded from support, including all vulnerable apartment owners. We call for this regulatory flaw to be corrected before introducing support mechanisms through the Social Climate Fund.

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