



Recovery and Resilience Plan France

Budget

The French Plan, called France relance¹ amounts to a **total of € 93,4 billion** which equals to 4.1% of the domestic GDP.

The press release of the Government of 2020² highlights that **€ 40 billion grants** from the RRF will be committed of which **€ 500 million is planned to be spent for the renovation of the social housing stock.**

Structure

France's recovery plan focuses on three key priorities: the green transition, competitiveness, and social & territorial cohesion. In total, the Plan features 70 investments and 22 reforms, for a total of € 40.95 billion.

Three Pillars of the French Plan

1. €20.2 billion for the green transition	2. €34 billion to reinforce the competitiveness of the economy	3. €36 billion for skills, social and territorial cohesion
--------------------------------------------------	----------------------------------------------------------------	------------------------------------------------------------

¹ <https://www.gouvernement.fr/france-relance>

² https://www.economie.gouv.fr/files/files/directions_services/plan-de-relance/French-recovery-plan-press-kit.pdf

<p>Investments for energy-efficiency renovation programmes for private and social housing and public buildings, for sustainable mobility, for decarbonisation of the industry and for green technologies (hydrogen, recycling)</p> <p>Relevant: € 5.8 billion for the thermal retrofitting of public (€ 3.8 billion for schools and administrative buildings,) and private (€ 2 billion for housing, € 200 million for SMEs) buildings.</p>	<p>A massive reduction of taxes on business (€10 billion/year), measures to reinforce own funds of businesses, investments in the resilience</p> <p>Relevant:</p> <ul style="list-style-type: none"> • € 11 billion dedicated to investments in key technologies 	<p>Financing of employments support measures; investment in skills and competences</p> <p>Relevant:</p> <ul style="list-style-type: none"> • € 5 billion to support local authorities, including € 1 billion earmarked for investments in the green transition, dedicated measures to support the most vulnerable & families.
-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

→ The plan is structured along nine components of which several could be theoretically relevant for our sector such as the:

- Component 1: Renovation of buildings including investments in energy efficiency in public buildings (€ 3.8 billion), private residential buildings, social housing and SMEs (30% energy savings in average);
- Component 2: Biodiversity, circular economy, agriculture and forestry includes relevant measures such as mitigating seismic risk in outermost regions, improving drinkable water supply and developing the circular economy;
- In Component 4: Green energy and technologies includes a broad scheme to finance innovative projects in priority green areas such as renewable or low-carbon hydrogen, recycling, **innovative buildings**.

However, in practice, only the following component will be available for the affordable housing providers:

Under Social and territorial cohesion, Component 1 contributes to improving social cohesion by reducing energy poverty and by supporting investments in the **renovation of social housing (€ 0.5 billion)**.

€ 445 million in 2021 and 2022 will be dedicated for major renovations in order to jump several energy classes and **€ 50 million for the deployment of industrialized renovation solutions** (Energysprong type projects).

Social landlords are encouraged to eliminate energy flaws by 2023. To do so, the Government insists on the need to: ' carry out "comprehensive renovations" with the objective of reaching Nearly Zero level; deploying "industrial solutions for energy renovation": a **call for projects will be launched to deploying "industrial solutions for energy renovation of existing social housing"**.

In order to complement the grants received under the RRF, the affordable housing providers will be able to benefit from the React EU and the Structural Funds 2021-2027. The RRF grants are not cumulative with the React EU and Structural Funds 2021-2027 for the same project.³

Share of Green transition

France's plan focuses significantly on supporting the green transition, with four components (1 to 4) dedicated to this pillar, representing a total of € 20.2 billion. In particular, € 5.8 billion of costs are estimated for the renovation of buildings.

The overall vision of the recovery package can be described as future-oriented and aiming for an ecologic transition. However, the **measures themselves are not linked to legally binding acts**. There are neither specific targets nor conditionalities given (e.g. reduction of CO2 emissions in tons) and it is not evident how and on the basis of which criteria the funds are allocated.⁴

Link to the NECP

France's Plan focuses mostly on energy efficiency of buildings and sustainable mobility, but **does not address the increase of the renewable energy consumption**.

→ 1. The plan **does not contain direct support measures to increase the production of renewable energy**.

The most relevant investment related to the consumption of renewables is the 'decarbonised hydrogen' measure (component 4) for € 1.925 billion. The Plan makes reference to the ASAP law, which contains elements to facilitate administrative requirements for the deployment of renewables.⁵

Nevertheless, the current pace of renewable energy deployment is **will not be enough to meet France's 2020 and 2030 targets**. France is set to miss its 2020 renewables target of a share of renewable energy sources in final energy consumption of 23%.

Challenges include **simplifying the regulatory framework to implement large-scale energy projects** – costs to access the grids are high and the lead time for licensing and permitting, including for grid connections, is long. The deployment of enabling energy infrastructure such as charging stations for electric vehicles, upgrades to distribution systems, heat pumps and district heating, and cooling networks based on renewable energy and waste heat, is progressing slowly.

→ 2. France is also **falling short of its energy efficiency targets for 2020** and faces the major challenges of decarbonising and increasing the energy performance of the building sector.⁶

³ Page 11, L'Europe investit dans le logement social Décodeur Hlm, n86, Repères Europe, l'Union social pour l'Habitat

⁴ <https://www.greenrecoverytracker.org/country-reports/france>

⁵ Page 44, Assessment of the European Commission on the French Plan https://ec.europa.eu/info/system/files/com_351_swd_en.pdf

⁶ Page 45, Assessment of the European Commission on the French Plan https://ec.europa.eu/info/system/files/com_351_swd_en.pdf

France's energy consumption levels remain above the expected levels under the Energy Efficiency Directive for 2020. In its National Energy and Climate Plan, France envisages a 20% reduction of its energy consumption by 2030 compared to 2012 levels, which is considered in line with the EU's 2030 targets.

The decarbonisation and upgrade of the energy performance of the building stock (which represents 45% of final energy consumption and 25% of greenhouse gas emissions) **represent major challenges**. According to its National Energy and Climate Plan, France will need to **invest annually an additional EUR 15 to 25 billion until 2030 into the renovation of buildings**.⁷

Energy poverty

The French recovery plan will dedicate a significant amount of money to the renovation of public buildings, however, only **€2 billion are dedicated for private housing**.

Investing in the renovation of public buildings is necessary, however, the Plan fails to address what also the European Commission has identified as a major challenge: energy poverty, affecting **around 12 million people**.

Today, France fails to reach its renovation target of 500 000 deep and performant renovations per year. Reports show that **at least €3.2 billion should be invested every year in order to deep-renoate the least efficient dwellings to eradicate energy poverty**.⁸

In the retrofitting of private buildings, if clear criteria and policies are not established to prioritise the households that are affected the most by energy poverty, there is a concrete risk of it benefiting mainly the wealthiest parts of the population. This simply means missing the opportunity to eradicate energy poverty.

Reforms

The recovery and resilience plan puts forward the proposed '**Climate and Resilience Law**' as a key upcoming reform to underpin the green transition.

This proposed law aims contributing to the greenhouse gas emissions reduction target for 2030. According to the impact assessment study⁹, the Law should secure achievement of between half and two-third of the way to be covered between in 2019 and the target for 2030 in terms of **greenhouse gas emissions reduction**, thanks to a reduction estimated between 56 and 74 million tonnes of CO2 equivalent.

In addition to this Law, the **revision of the thermal regulation of new buildings (RE2020)** will make a significant contribution to the French 2030 target and will enshrine good practices in the domain.

⁷ Page 13, Assessment of the European Commission on the French Plan
https://ec.europa.eu/info/system/files/com_351_swd_en.pdf

⁸ Initiative Rénovons (2020). *Encore loin du compte pour les rénovations globales performantes et l'aide aux plus modestes*

⁹ Cf. impact assessment study (in French): <https://www.legifrance.gouv.fr/contenu/Media/Files/autour-de-laloi/legislatif-et-reglementaire/etude>

The plan also mentions France's new '**green budgeting**' system as a useful reform to increase transparency on how public spending contributes to the green transition.

Finally, important reforms will strengthen social and territorial cohesion such as the **4D law** (differentiate, deconcentrate, decentralise, reduce complexity – “décomplexifier”) and **the draft constitutional law** on the “right to differentiation”, both of which partially allows for transfer of powers from the State to local communities.

At the same time, in France, **more than 550 million ERDFs** are programmed for the period 2021-2027 for the **renovation of social housing** (data from the overseas departments are missing).¹⁰

For more information, please contact
Edit Lakatos, Policy officer
edit.lakatos@housingeurope.eu



¹⁰ According to USH (Union social pour l'Habitat)