



# Recovery and Resilience Plan Belgium

## Budget

The Belgian Recovery Plan's estimated cost is € 5 924 952 328 and the country will receive **the total amount of the Plan from RRF**.

Belgium has proposed to provide more than **€1 billion to renovate public and private buildings, including social housing**, to improve their energy performance. The country has also proposed to provide around € 900 million to boost the digital, language and technical skills of vulnerable groups, job seekers **to improve social inclusion**.

## Renovation Wave

The wave of renovation (€1 012 million) will concern **1,300,000 m<sup>2</sup> of public buildings and 240,000 additional private residences (including social housing)** whose energy performance is not optimal and has the potential to reduce energy consumption, while improving environmental and health performance. This component thus contributes significantly to the national objective of reducing -0.085 MtCO<sub>2</sub>e per year until 2030, which is part of the national energy and climate plan adopted in 2019.

In addition, by renovating the housing stock and the non-residential stock with a long-term perspective also **takes into account disaster risks and changing climatic conditions** (for example, the increasing likelihood of more extreme weather events which are more frequent and more severe).<sup>1</sup>

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<sup>1</sup> Page 46, Belgian RRP

## Energy efficient renovations

In terms of the renovation of buildings, the estimated overall cost is **2 199 million euros, of which 1 012 million (46%) are covered by the RRF.**<sup>2</sup> Reforms include improved energy subsidy schemes in Flanders, the Brussels region and the German region.

Investments include:

- Renovation of social housing - Wallonia/ Brussels region/ German region
- Renovation of public buildings – Flanders, Wallonia, Brussels region, federal level
- Renolab: Renovation laboratory – RBC<sup>3</sup>

As for the renovation of social housing overall, Belgium will spend **€ 133.44 million** (€ 98 million from RRF) that include:

- €35 million for the renovation of social housing in Wallonia;
- €35 million in Flanders;
- €43.44 million in the Brussels region;
- €20 million in the German region.

In terms of support for private buildings, €243 million of energy subsidies will be given in Flanders, €5 million in the German region and €16 million in the Brussels region.

The proposed projects target **residential, commercial and industrial buildings as well as private buildings** which contribute to fulfilling a public service mission. Particular attention will be paid to social housing and to households facing high investment costs.

In addition, Flanders also plans to establish a **Research Platform on the energy transition with €26,45 million** and an **energy island to be established on national level with the help of €100 million.**

In terms of energy **performance of public buildings**, the authorities should lead by example. As renovations have a long lifespan (30 years or more), attention will be paid to the most profitable choice between a targeted energy renovation, a deep renovation or demolition and reconstruction of buildings, taking into account the objectives of the NECP. Concrete performance requirements would be necessary to the building scale or for each specific work.

The projects proposed target interventions that have a direct impact on energy efficiency. Nevertheless, other renovations could be supported to improve the functionality and accessibility of buildings (eg construction of digital networks in schools, better accessibility of theatres for people with reduced mobility).



## RENOVATION OF SOCIAL HOUSING IN DETAIL

### → 1. Renovation of social housing in Flanders (€ 35 million)

The Flemish region will use € 35 million to renovate its social housing stock through the VKF (Vlaams Klimaatfonds - Flemish Climate Fund). In addition to the inclusion of a **subsidised loan** when renovating social housing, the initiators can then also make use of this subsidy, which is more advantageous for them.

<sup>2</sup> Page 43, Belgian RRP, 30 April 2021 [https://dermine.belgium.be/sites/default/files/articles/NL%20-%20Nationaal%20plan%20voor%20herstel%20een%20veerkracht\\_0.pdf](https://dermine.belgium.be/sites/default/files/articles/NL%20-%20Nationaal%20plan%20voor%20herstel%20een%20veerkracht_0.pdf)

<sup>3</sup> Page 41, Belgian RRP, 30 April 2021

The VKF subsidy system has been in place since 2016, with an average premium of € 7,400 per house. With its budget it will allow around **4,050 social dwellings** to benefit from a renovation.

In addition, for the 2021 budget year, the Flemish Region wants to increase the authorisation for energy renovation by € 250 million to the VMSW (Vlaamse Maatschappij voor Sociaal Wonen). This will allow the social housing companies to take out cheap loans from the VMSW to finance their construction and renovation projects. The VMSW can borrow these funds interest-free from the Flemish Region, which must however consult the market. The budget of € 5 million is a compensation for the interest costs incurred by the Flemish Region over a period of 4 years at a rate of 0.5%.<sup>4</sup>

Depending on the energy investments made in social housing, such as installation of a solar boiler, a condensing boiler, a heat pump, loft insulation, of existing cavity walls, the initiator can apply for a subsidy from the VMSW. An initial advance of 80% is paid as a down payment after presentation of proof of the order or the start of the work. The balance of the grant is paid after the final account, which follows after about 1.5 years.

→ 2. Renovation of social housing in Brussels region (€ 43,44 million)

The energy renovation of the **1711 social housing units** concerned by the project will allow an average reduction of 53% in energy consumption for an expected gain of 21 GWh/year. The project will result in an estimated reduction of 4452 tonnes of CO2 per year.

For the tenants of these dwellings this represents **a substantial reduction in their energy bills**. In addition to improving the thermal comfort of the dwellings, the objective is therefore to protect tenants of social housing from the risk of energy poverty which currently affects 25% of Belgian households.

The total cost of the works is estimated at 88 million. The support requested from the RRF is €43.44 million, with the remaining 50% advanced to the SISF by the Société du Logement de la Région de Bruxelles-Capitale (SLRB). 6 of the 15 projects in question are subject to planning permission.<sup>5</sup>

→ 3. Renovation of social housing in the German region (€ 20 million from regional funding)

The social housing stock in the German-speaking Community comprises approximately **1,500 rented dwellings**, most of which are more than 30 years old.

The multi-year renovation programme will be carried out in several phases, as the tenants of the dwellings will have to be rehoused during the renovation phase. These new construction projects will **not be included in the recovery plan** and will be financed from the German Community's own funds.

The main actor will be the limited liability company "Öffentlicher Wohnungsbau Ostbelgien" (ÖWOB), approved as a public housing company. This company will merge with the ÖWBE in CG to form a new company.<sup>6</sup>

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<sup>4</sup> Page 57, Belgian RRP, 30 April 2021

<sup>5</sup> Page 59, Belgian RRP, 30 April 2021

<sup>6</sup> Page 61, Belgian RRP, 30 April 2021

→ 4. Wallonia (€ 35 million)

The Walloon region will spend almost 30% of its Recovery funding for **advanced renovation of public buildings and social housing**. It is known that €35 million will be spent for the renovation of social housing.

Kicking-off the Walloon renovation wave will require comprehensive policy reforms on all aspects, from fiscality to urban planning. These policy reforms should be supported with large amounts of public financial support, as renovations are not economically attractive in the short term. Acknowledging these challenges, the **30% of the received recovery money will go to the renovation of the buildings and housing sector**.

The Walloon Recovery funding aims to push for the upscaling of building renovation (to **go from a single house renovation to a larger scale**).<sup>7</sup>



## SUPPORT FOR PRIVATE BUILDINGS IN DETAIL:

→ *Flanders (€ 243 million)*

1. **Energy efficient bonus** financing of the energy component of housing renovation (**€ 180million**)

In 2021, the legal aspects of the premium reform will be settled. From 2022, homeowners will be able to claim bonuses for all work done in residential buildings through this one-stop-shop. **The stimulus funds will be used to finance part of the energy components** of this new integrated premium which can be requested via a new one-stop shop from spring 2022. The target group includes home owners and housing companies.

2. **Premium linked to the label (€ 25.35million)**

The premium linked to the EPC label can be requested from 2021. Anyone wishing to benefit from the premium of the EPC label must demonstrate the eligibility of housing on the basis of an EPC. After the renovation, the investor must present a second EPC showing that a house has at least achieved the C label and an apartment at least the B label.

Target groups include all housing/apartments investors with a bad EPC label (E/F for houses and D/E/F for apartments).

3. **Premium for demolition and reconstruction (€ 17.6million)**

The premium for demolition and reconstruction can be requested from the VEKA (Vlaams Energie- en Klimaatagentschap - Flemish Agency for Energy and climate) from 1 January 2021. The target group is homeowners who cannot benefit from the federal reduction in VAT for demolition and reconstruction.

4. **Premiums for a future-proof electricity network (€ 20.05million)**

The Flemish Energy and Climate Agency manages premium applications for domestic batteries. The new premium for the **intelligent control of heat pumps, electric boilers and storage heating** is managed by the operators of the electricity distribution networks as part of the public service obligations for the rational use of energy.

Target groups:

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<sup>7</sup> [Statbel, Buildings stock in Belgium \(2020\)](#)

- For the control premium: households connected to the electricity distribution network applying only the night tariff and using boilers, electric and / or electric storage heaters or heating their homes with a heat pump.
- For the battery premium: natural persons who produce their own electricity and have a digital meter.

#### → Brussels region (€ 16 million)

From 2022, **the premium reform offering a single regional premium mechanism for individuals will see the light of day**. Thanks to the unified system, citizens will have a clearer view on the amount to which they can claim for their renovation work and will see a simplification of procedures to obtain financial support via regional bonuses. **A single regional web portal will inform applicants about the premiums.**

The amount requested as part of the RRP will aim to strengthen the reformed bonus system, aiming at a global and integrated approach to renovation.

The two administrations, Bruxelles Environnement (energy premiums) and Urban (renovation premium) are currently working on a unified system ready for use by citizens from 2022.

#### → German region (€ 5 million)

The reform aims to distinguish between small works, allowing access to premiums in a simplified way, and large works, which will require more detailed administrative procedures.

The bonus project aims in particular to create incentives to allow the implementation of energy saving measures and reduction of carbon dioxide emissions for existing residential buildings. In addition, it is expected that **the use of sustainable materials will be subsidized with a higher rate** in the new regulations in order to create incentives to use such materials.

The target group is private (owner's) housing used as a home, however, rental housing is also targeted by the measure, provided that the owner does not exceed the average rent for the housing in question ("Mietpreisspiegel", system set up by the Walloon Region).

### → RENOVATION OF PUBLIC BUILDINGS IN DETAIL

- In the Brussels region (€ 10,8 million from RRF):

More broadly (and with funding from other sources), the project aims to renovate the Palais de la Bourse de Bruxelles to regain its original splendour as a lively activity by creating a new economic and socio-cultural centre.<sup>8</sup>

Out of a total cost of € 48 million, the RRF financing amounts to €10.80 million and covers energy efficient renovation work as well as renewable energy production equipment, (geothermal - air - via gas heat pumps), low-energy LED appliances.

- In the Flemish region (€ 20 million):

The region opts for projects that contribute directly or indirectly to making **the Flemish government's building stock** more sustainable. These are generally projects that implement

<sup>8</sup> Page 62, Belgian RRP, 30 April 2021

technical changes relating to the building envelope such as heating and cooling (HVAC), with a particular focus on phasing out oil-fired installations; insulation measures; energy performance contracts.

In addition, limited measures that are essential for the realisation of a carbon neutral assets are also supported, i.e. **energy scans or energy audits**.

Support is given to projects that meet the specified conditions and for which a cooperation agreement is concluded with the VEB for the implementation of the project.

The percentage of aid that will be granted is determined according to the (potential) impact of the project or measure. At the beginning of the implementation, the envisaged amount of aid is transferred through redistribution decisions to the VEB, which then uses it to the aid amount to the respective project.<sup>9</sup>

- In the Wallon region (€ 59,54 million from RRF):

The objective of the project is to propose to facilitate the deep renovation of these public buildings by matching the funds of the stimulus plan with those of the European Union (€59.54 million), UREBA funds (€165.46 million) and additional funding provided by the applicants but quickly recouped by the energy savings from the work (€150 million).

This project aims to put in place an **innovative renovation facilitation system**, including the necessary accompanying measures, for public buildings in order to bring between **750 and 1000 buildings to deep renovation**.

The Region will organise 3 massive public building renovation phases (contracting and financing of support missions and structural costs):<sup>10</sup>

1. Confirm and expand the Renowatt scheme (**supported by Elena funds** and which has efficiency awards) for owners who want partial support;
2. RENOWATT helps the bidders to draw up their file on a technical, energy the technical aspects, the energy register and the holistic view of management. It will create a single "in house" public procurement contract for all energy renovation.
3. Maintain and expand the existing UREBA subsidy channel for applicants who wish to keep control of their heavy renovation without any other kind of methodological support.

The **UREBA subsidy scheme** (already existing, constituting a significant advantage) will be slightly **adjusted in the years 2021-2026 to provide more support for heavy renovation**. This scheme will irrigate the 3 sectors and will therefore have a global vision. An additional premium linked to the use of bio-sourced and/or circular materials will be granted.

The Region will organise a major communication campaign to achieve 750 to 1000 deep renovations at an estimated total cost of € 375 million until 2026.

→ Renolab: laboratory of renovation (€ 13.43 million)<sup>11</sup>

The RENOLAB project is going to stimulate the economic sectors related to building renovation activities, as well as by **financially and technically supporting exemplary**

<sup>9</sup> Page 65, Belgian RRP, 30 April 2021

<sup>10</sup> Page 67, Belgian RRP, 30 April 2021

<sup>11</sup> Page 89, Belgian RRP, 30 April 2021

**sustainable renovation projects**. It is also a question of supporting and enhancing the value of quality renovation operations by demonstrating the feasibility of sustainable and circular renovation of Brussels buildings.

RENOLAB also aims to **make sustainable renovation more attractive** and to contribute to the emergence of new tools that fully support the renovation strategy, innovative financing, grouped renovation by initiatives that try to reduce **fuel poverty by involving the poor in pilot projects**; tools based on the real motivations of households: comfort at home, preservation of the property's heritage value, health, etc.

RENOLAB will be composed of two complementary schemes. On the one hand, a system that is intended to financially support pilot projects and to give them visibility via a form of "RENOLAB label". The second mechanism is the launch of a call for projects for the sustainable and exemplary renovation of Brussels buildings (RENOLAB AP).

These two schemes will be overseen by an umbrella entity that will ensure the coordination with the steering team of the Sustainable Renovation Alliance (Alliance Emploi-Environnement).

## → Analysis of the European Commission

The assessment clearly says that Belgium is **not on track to reach its renewable energy targets**. The share of energy from renewable resources in Belgium's final energy consumption reached 9.9% in 2019 and is projected to have reached 11.7% in 2020, below the target of 13% set by the Renewable Energy Directive. Belgium aims to reach 17.5% in 2030, but this ambition is significantly below the 25% share calculated using the formula in Annex II to Regulation (EU) 2018/1999 on the Energy Union (the 'Governance Regulation').<sup>12</sup>

The Belgian Plan contributions to the **energy efficiency target lack ambition and flexible energy networks are needed**. Based on the NECP, Belgium's national contribution to energy efficiency for 2030 is -15% (primary energy consumption) and -12% (final energy consumption) versus PRIMES2007 projections for 2030. These energy efficiency contributions are considered to be of low ambition by the EU. Given the electricity sector target of 37.4% renewable electricity by 2030, the development of the different sources and their access to markets will be necessary to integrate the rising share of renewable energy into the electricity system.<sup>13</sup>

The energy-efficient **renovation of buildings represents a major challenge for reaching the 2030 targets**. The building sector is responsible for more than 30% of non-ETS GHG emissions in Belgium. Belgium ranked low in relation to the energy performance of its existing housing stock, which is rather old with 80% of the stock built before the introduction of energy norms.

Despite supportive measures, notably in the forms of **grants and tax incentives, the yearly renovation rate of the housing stock stood at only 0.4% in recent years**. Renovation is also held back by bottlenecks affecting the construction sector like **long building permit delays** and **shortages in adequately skilled construction workers**. Low taxes on heating

<sup>12</sup> Page 12, Assessment of the European Commission on the Belgian RRP [https://ec.europa.eu/info/system/files/com-2021-349\\_swd\\_en.pdf](https://ec.europa.eu/info/system/files/com-2021-349_swd_en.pdf)

<sup>13</sup> Page 12, Assessment of the European Commission on the Belgian RRP [https://ec.europa.eu/info/system/files/com-2021-349\\_swd\\_en.pdf](https://ec.europa.eu/info/system/files/com-2021-349_swd_en.pdf)

fuels (oil and gas) combined with relatively high electricity prices, do not incentivise households to invest in energy-efficient heating solutions.<sup>14</sup>

### Link to the European Semester

The plan includes some measures contributing to a further **deinstitutionalisation of long-term care**, following the CSR 1.3 of 2019.<sup>15</sup>

Belgium's density of residential beds for over-65 years old is among the highest in the EU. Indicators also show that a non-negligible share of independent users and those with low levels of dependency for whom institutionalisation may be unnecessary or at least premature, are currently receiving residential care.

Specifically, in the Brussels Region and the Walloon Region approximately one third (34% and 31% respectively) of elderly people living in residential structures still have some autonomy, while this proportion amounts to 20% in Flanders.

**Component 4.3 includes investment in social housing in Wallonia**, some of it equipped with **assistive technologies in order to support the independent living of persons with disabilities and elderly people**. Prior to the implementation of this investment, the Walloon government will adopt a **deinstitutionalisation strategy** for long-term care.<sup>16</sup>

#### → Energy transition

Belgium earmarks an important financial envelope to energy-efficient renovation of private and public buildings, following the CSR 3.2 2019 and 3.6 2020.

The building sector accounts for more than 30% of non-ETS GHGs emissions in Belgium. Belgium ranks low in relation to the energy performance of its existing housing stock, since 80% of the stock was built before the introduction of energy efficiency standards. Substantial investments under component 1.1 aim to improve the energy efficiency of buildings, including public buildings, as well as private ones and social housing. Moreover, the plan includes **measures to improve the system of renovation subsidies** for households to foster private investment.<sup>17</sup>

#### → Adaptation measures

The Belgian plan includes climate adaptation investments.

To be better prepared for longer periods of drought and more frequent heat waves, the Blue Deal measure of Flanders (I-1.24) will **address the drought problems** with a strong focus on integrated and nature-based solutions. **€ 291 million** will be channelled via **circular water**

<sup>14</sup> Page 13, Assessment of the European Commission on the Belgian RRP  
[https://ec.europa.eu/info/system/files/com-2021-349\\_swd\\_en.pdf](https://ec.europa.eu/info/system/files/com-2021-349_swd_en.pdf)

<sup>15</sup> [https://ec.europa.eu/info/business-economy-euro/economic-and-fiscal-policy-coordination/eu-economic-governance-monitoring-prevention-correction/european-semester/european-semester-your-country/belgium\\_en](https://ec.europa.eu/info/business-economy-euro/economic-and-fiscal-policy-coordination/eu-economic-governance-monitoring-prevention-correction/european-semester/european-semester-your-country/belgium_en)

<sup>16</sup> Page 38-39, Assessment of the European Commission on the Belgian RRP  
[https://ec.europa.eu/info/system/files/com-2021-349\\_swd\\_en.pdf](https://ec.europa.eu/info/system/files/com-2021-349_swd_en.pdf)

<sup>17</sup> Page 43, Assessment of the European Commission on the Belgian RRP  
[https://ec.europa.eu/info/system/files/com-2021-349\\_swd\\_en.pdf](https://ec.europa.eu/info/system/files/com-2021-349_swd_en.pdf)

**use projects, better water retention and infiltration.** Furthermore, **smart monitoring and data systems** are expected to ensure better governance of existing infrastructures.<sup>18</sup>

For more information, please contact  
Edit Lakatos, Policy officer  
[edit.lakatos@housingeurope.eu](mailto:edit.lakatos@housingeurope.eu)



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<sup>18</sup> Page 67, Assessment of the European Commission on the Belgian RRP  
[https://ec.europa.eu/info/system/files/com-2021-349\\_swf\\_en.pdf](https://ec.europa.eu/info/system/files/com-2021-349_swf_en.pdf)