



RENOINVEST
sustainable renovation of buildings

Policy Brief for Austria

Policy Framework for Climate-Neutral and Sustainable Buildings



Climate Neutral Buildings – Ambition or Real Future?

Austria's commitment to achieving climate neutrality by 2040—ten years ahead of the EU target—hinges on the decarbonization of its building sector. While technical solutions are mature and public support schemes are well established, **renovation rates remain far below (2024: 1,6%) the level required (3%) to decarbonise the building stock in time.** Progress is stalled by fragmented regional regulations, outdated housing laws, and a complex subsidy landscape that discourage private investment, particularly in the rental sector. As public budgets tighten, the strategy must shift from a subsidy-driven approach toward leveraging public funds to mobilize the estimated €80 billion in private capital needed by 2040. **The primary challenge is no longer technical feasibility, but the mobilisation of private capital under stable, predictable and socially balanced framework conditions.** Without decisive legal and financial reforms to secure these investment conditions, Austria risks missing its climate objectives despite its high level of ambition

What is RENOINVEST about?

Closing the financing gap of renovations measures by attracting private investments is the ambition of RENOINVEST. By involving **stakeholders and external experts** from different sectors financial challenges and promising actions and solutions were **discussed in an integral way.**

Three Most Important Policy Measures to Get in Action:

To unlock private investment and accelerate deep renovation, the RENOINVEST Action Plan structures reform around three mutually reinforcing Key Action Areas:

1. Legislative Frameworks – Creating Legal Certainty for Investment

Legal and administrative barriers remain a major impediment to renovation activity. Priority measures include harmonised building regulations, reforms of tenancy, condominium and limited-profit housing law, and clearer rules on cost allocation and decision-making. **These reforms are essential to reduce investment risk, resolve the user–investor dilemma and enable socially balanced deep renovation.**

2. Financing Frameworks – Turning Public Funds into Investment Leverage

Financing frameworks must reduce risk and transaction costs through longer loan maturities, flexible repayment models, public guarantees and the establishment of a Housing Development Bank. Standardised green loan products and Energy Performance Contracting models should be scaled to mobilise private capital. **Public funding must act as a multiplier, not the primary financing source.**

3. Awareness & Knowledge Transfer: Reducing Complexity and Activating Actors

Large-scale renovation requires informed decision-making and coordinated action. Nationwide One-Stop Shops, renovation roadmaps and passports, permanent dialogue platforms and targeted capacity-building are critical to reduce complexity, increase transparency and strengthen investor confidence. **The stakeholder network mapped in the Action Plan provides the foundation to mobilise public and private actors in a coordinated manner.**

Measure 1: Establishment of a Housing Development Bank

The legal basis for a residential construction investment bank (WBIB) was established in the 2010s but never became operational due to a change in government and was subsequently liquidated, except for its legal foundation. The current government programme now plans to use AWS (Austria Wirtschaftsservice) as the settlement agency. The objective is to **establish a Maastricht-neutral financing institution** in

the private sector that uses federal guarantees **to channel low-interest European Investment Bank (EIB) funds** to property developers, homeowners and smaller banks. Unlike the former WBIB, the focus should shift from new construction to comprehensive renovations, **complementing housing subsidies** and reducing financing costs. Key stakeholders include the Ministries of Finance and Economic Affairs, AWS and the private banking sector, involved **through a public-private partnership model**

Next Actions needed:

- Finalise Policy Framework focussing on renovations
- Shareholder Agreements with relevant actors

Measure 2: Use Subsidies More Targeted and Efficient

Next Actions needed:

- Align & harmonise subsidy systems within the ongoing reform partnership
- Review content and administrative structure of subsidy systems

Austria's housing subsidy system is fragmented, with ten programmes at federal and Länder level, **leading to inefficiencies, regional disparities and limited strategic impact**. Public funds are insufficiently aligned with climate and social objectives, while coordination gaps create administrative burdens. There is also a lack of long-term strategic orientation beyond affordable housing. The measure aims to **harmonise** and realign subsidies by reintroducing earmarking **and aligning subsidy conditions** and tax depreciation rules **to strengthen**

renovation incentives. Funding priorities should emphasise circular economy principles, renewable materials and targeted support for low-income households, while reducing bureaucracy. Implementation requires **close federal–Länder cooperation**, with municipalities and housing authorities playing a key role. The **reform partnership offers a timely opportunity** to better align responsibilities and use subsidies more effectively as leverage for renovation financing..

Measure 3: Nationwide Implementation of One-Stop-Shops

Austria has not yet established nationwide, state-run one-stop shops (OSS) in accordance with EU requirements, which leads to **fragmented advisory services** and unequal regional access to renovation measures. Although there are energy advisory offices run by the federal states and private renovation advisory services, except for one pilot initiative in Vienna, there is still **no integrated system that supports projects from technical advice to financing and contractor matching**. From 2026 onwards, nationally coordinated OSS should be

established, building on existing advisory networks and supported by standardized consultation processes, renovation passports and digital data systems. Implementation requires coordinated action by federal and Länder authorities, energy agencies, financial institutions and construction stakeholders

Next Actions needed:

- Mandate nationwide rollout of One-Stop-Shops in cooperation with the *Länder*
- Invest in Training and communication of relevant multipliers

Here to Start: Policy Pathway to Sustainable Buildings

A climate-neutral building stock is achievable—but only with **long-term political ownership and coordinated governance**. Austria's current distribution of responsibilities across all levels of government and five-year political cycles does not match the 25-year strategic planning horizon required for building stock transformation. The announced reform partnership for Austria offers a unique opportunity to better align competencies and deploy public funding strategically as leverage for private capital.

2026 -2027 PHASE 1: ENABLING FRAMEWORKS



Targeted housing law reforms, further development of Energy Performance Contracting frameworks and piloting of nationwide One-Stop Shops, supported by strong stakeholder coordination and capacity building.

2026 -2030 PHASE 2: SCALING PRIVATE INVESTMENT



Standardised green loan products, tax incentives, blended finance instruments and the systematic rollout of Energy Performance Contracting models, with the objective of mobilising around €1 billion per year in private capital.

2026 -2040 PHASE 3: DEEP RENOVATION AND DECARBONISATION



Achieving a stable renovation rate of around 3% annually, including the phase-out of fossil heating systems, expanded public-private partnerships and aggregated renovation models, supported by professionalisation, training and data transparency.

2040 -2050 PHASE 4: CLIMATE-NEUTRAL BUILDING STOCK



Consolidation of a fully climate-neutral building stock, with scalable instruments such as green bonds and institutional investment vehicles, alongside continuous monitoring, innovation and EU-level knowledge exchange.

Policymakers are now called upon to develop and formally adopt a time-bound implementation roadmap based on the RENOINVEST Action Plan, prioritise comprehensive renovation over isolated measures, and institutionalise cross-level coordination mechanisms. **Investing in deep, integrated renovation today is more cost-effective than allocating billions to certificate purchases and compensatory payments tomorrow.** By aligning regulation, finance and stakeholder coordination, Austria can turn its climate-neutral ambition into a realistic and economically sound pathway toward sustainable buildings. In view of tense geopolitical conditions, **resilience plays an important role in the building sector: Energy-efficient and decarbonised buildings minimise dependence on fossil fuels and increase self-sufficiency.**

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