

Feedback opportunity for the work programme 2025

The New European Bauhaus Facility

Destination 3: Innovative funding and new business models for the transformation of neighbourhoods

Draft expected impacts:

Companies face a number of challenges and obstacles on their transition to carbon-neutrality. The construction ecosystem, for example, faces various challenges that hinder its transition towards sustainability. It has traditionally been resistant to change due to established norms, practices, and a conservative mind-set. For the sector to change and adapt, there needs to be demand and incentives. New business models can disrupt the status quo by providing a framework to rethink how projects are conceived, planned, and executed. Demonstrating the potential, feasibility, benefits for society and economic sustainability of new business models can incentivise specific ecosystems in the built environment and other related ecosystems (e.g. banking, insurance, social economy, real estate), to move towards more circular and sustainable practices as well as practices which are resilient against natural, including climate change-induced, and human-made hazards while also promoting new values such as affordability, inclusion, diversity, functionality and beauty. Introducing and demonstrating new business models and innovative funding mechanisms is thus crucial to encourage the uptake of new practices that do not only focus on cost-effectiveness and efficiency but also align with larger societal goals and values, driving positive cultural, social and environmental change in the construction ecosystem while also enhancing the ecosystem's long-term sustainability and competitiveness.

In work programme 2025, this Destination will aim to better understand the market (both demand and supply sides, as well as the related policy and regulatory aspects) and develop new business models and innovative funding to drive positive change in neighbourhoods and encourage the uptake of new values, including social and aesthetic values, by:

- Better understanding the market dynamics, what drives and influences both the demand and the supply, how they can differ in rural, peri-urban or urban areas, and how they can be shifted towards more sustainable, eco-friendly, resource-efficient, inclusive and beautiful practices in the built environment.
- Establishing and supporting a new set of principles, policies, and regulatory frameworks that encourage, guide and enable the wider construction industry to adopt innovative, inclusive, more sustainable and socially and culturally sensitive practices.
- Developing new business models – including in the social economy and community-based models – and innovative funding mechanisms putting sustainability, inclusion, people - including minorities and vulnerable groups -, tangible and intangible cultural heritage, and aesthetics at the centre and providing the necessary resources for companies to adopt and implement such practices.
- Understanding and promoting the social and economic value of beauty in a quality built environment.
- Understanding the new skills and needs linked to circular and regenerative methods for building renovation, repurposing, repair and construction.

Main expected outcomes:

To address the expected impacts mentioned above, this Destination aims to:

- Better understanding of the incentives (e.g. financial rewards, regulatory advantages, or positive public perception) and barriers that push or prevent stakeholders for example within the construction ecosystem to adopt innovative sustainable practices even if they are perceived as less cost-effective than traditional ones in the short term.
- Understand what are the incentives and barriers that stimulate or prevent demand for sustainable, inclusive and beautiful projects in the built environment, exploring factors such as market demand, consumer preferences, and price sensitivity, and assess the potential for adoption and acceptance of the three NEB values and concepts in the marketplace, in different rural, peri-urban and urban settings.
- Develop new strategies to make sustainable and inclusive projects in the built environment both attractive and affordable, leveraging design innovation, creativity and cultural heritage, low- and/or no-tech, efficient use of resources, economies of scale, and cost-effective technologies to minimise costs without compromising on quality or sustainability.
- Better understanding of what can trigger stakeholders such as investors, developers, governments, and community organisations to cover the costs associated with sustainable, regenerative and inclusive construction projects, as well as to overcome the perceived risks associated with approaches combining environmental sustainability with other aspects that increase the acceptance of solutions (e.g. accessibility, affordability, aesthetics, social fulfilment and cultural relevance).
- Develop innovative supply chains – taking the ‘cascading principle’ into account when relevant – that transform waste materials into high-quality secondary construction materials and products, contributing to promoting a circular economy within the wider construction ecosystem, to reduce reliance on traditional, resource-intensive, linear practices and to make the construction ecosystem more sustainable and resource-efficient.
- Provide evidence of the social and economic value and investment returns associated with aesthetically pleasing, inclusive and sustainable built environment to incentivise the integration of cultural, social, aesthetic and sustainable considerations in construction practices and related sectors
- Understand the market dynamics, incentives, risks, and barriers affecting the adoption of sustainable building practices to help stakeholders developing targeted strategies to overcome obstacles and create an environment that encourages the widespread adoption of sustainable renovation, production and construction practices.
- Assess the impact and effectiveness of existing policies and regulations promoting a sustainable and circular construction, including the use of carbon-sequestering materials, to refine and strengthen existing policies or develop new ones to encourage the adoption of environmentally friendly construction materials and methods.
- Develop methods to measure and quantify the regenerative impact and the carbon sequestration potential of new and existing buildings and public spaces (including cultural assets) to provide a holistic understanding of their potential negative or positive impact in terms of carbon footprint, regeneration of its environment, or societal and economic benefits.

- Develop economic models for investment in regenerative construction projects that embed inclusion and aesthetics, considering factors such as long-term value, ecosystem services, and social benefits.
- Develop new business-models that incorporate circular economy principles, life cycle thinking, and sustainable practices while being economically attractive.
- Assess the skills investment needs as well as job creation potential for building renovation, repurposing, repair and regenerative construction methods.