COMMISSION EXPERT GROUP NEW EUROPEAN BAUHAUS FACILITY FOR THE

PRIORITY AREAS AND FUNDING FOR THE ROLL-OUT OF NEB PROJECTS

Version date: **27 January 2026**

New European Bauhaus

Commission Expert Group for the New European Bauhaus Facility

Priority Areas and Funding for the Roll-Out of NEB Projects

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Version date: 27 January 2026

How to Cite:

Commission Expert Group for the New European Bauhaus Facility. (2026). *Priority Areas and Funding for the Roll-Out of NEB Projects*. Brussels: European Commission.

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Executive Summary

Europe can currently mobilise significant capital for housing, infrastructure, and public amenities. Still, many of these developments fall short of meeting the aesthetic, social, and environmental objectives that a modern society expects and deserves.

This document presents the Expert Group's consolidated opinion, integrating the strategic focus of Mandate 1 with the financial focus of Mandate 2. The New European Bauhaus (NEB) Facility is the dedicated multi-annual financial instrument for the period 2025-2027, designed to bring the NEB to life. Its roll-out component supports the scaling up and deployment of innovative solutions that embody the NEB ethos, financed through various European Union (EU) programmes and other funding sources.

In a historical context marked by political uncertainties, shifting priorities, and competing pressures, this is no easy task. This document aims to provide guidelines for the development of the European built environment that can help define the paradigm shift introduced by the Bauhaus Movement in the mid-20th century. The NEB approach requires ambition not only in what is delivered—whether built spaces, services, products, or policies—but also in how change is conceived, orchestrated, and realised. Consequently, this opinion addresses the dual challenge of defining priority areas and determining how national and private funding can support their roll-out.

In line with their mandates, two sub-groups were tasked with:

- Examining the NEB's key concerns as outlined in the NEB Facility Roadmap and proposing rationales for determining which areas should be prioritised for support under the roll-out component.
- Identifying and analysing specific priority areas to be supported.
- Evaluating the likelihood that projects in each area could attract support from private or national funding sources.
- Ensuring that the roll-out directs support toward initiatives capable of achieving purposeful and lasting impact.

Importantly, this document offers strategic guidance to actors and stakeholders, rather than prescriptive implementation directives. Its purpose is to inspire and inform the actors and stakeholders responsible for implementing the NEB, guiding decision-makers, beneficiaries, stakeholders, and beyond, toward choices that advance the initiative's core values of sustainability, inclusion, and beauty.

To bridge the gap between strategic priorities and financial realities, the Expert Group has formulated the following **guiding principles** and applied them as the basis for the recommendations set out in the pages that follow:

1. **Rooted in NEB values.** Ground all actions in the values of beauty, sustainability, and inclusivity, associating design quality with

environmental responsibility and social equity.

2. **Clear and impact-driven prioritisation.** Select and support projects that advance all core NEB values, ensuring they reinforce one another in response to urgent environmental, social, and cultural challenges.
3. **Respect for context and diversity.** Implement and promote transformative interventions, while remaining responsive to local needs and contexts, and embracing the cultural, spatial, and institutional diversity across Europe by leveraging local strengths.
4. **Investing in places and people.** Recognise that the NEB's transformative potential lies in joining investment in the built environment with social investment. Developments must be coupled with investments in people's skills, choices, social capital, and capacities in local communities to ensure the environments created are valued, populated, and sustained by their host communities.
5. **Deep participation and co-creation.** Embed robust co-creation processes, ensuring all communities—and in particular, underrepresented groups in those communities—exercise ownership and decision-making power as central partners in design, implementation, and evaluation of initiatives.
6. **Affordability as a prerequisite.** Ensure that high-quality, sustainable, and inspiring environments are accessible to all. NEB developments should deliver substantial value for money, maximising environmental, social, and aesthetic benefit for every euro spent.
7. **Balanced financial commitment.** Promote a balanced financing approach that supports market-ready projects capable of attracting diverse funding, while also backing initiatives with intrinsic or experimental value that might otherwise lack resources.
8. **Multi-level, transdisciplinary, and cross-sector alliances.** Foster collaboration across disciplines, governance levels, and public, private, and non-profit sectors to ensure solutions reflect the complexity of real-world challenges.
9. **Lifecycle, circular, and systemic impact.** Embed and mainstream lifecycle, circular, and holistic approaches, prioritising actions that generate cumulative benefits for entire neighbourhoods, regions, or ecosystems.
10. **Balancing "quick wins" and lasting change.** Combine visible pilot successes with strategic efforts to build long-term capacity, policy alignment, and cross-sector integration around the NEB's core values and the European Green Deal.
11. **Evaluation, learning, and knowledge sharing.** Ensure NEB actions are underpinned by transparent governance, utilising tools such as the NEB Compass and clear key performance indicators (KPIs) to guide project selection and monitoring. Embed monitoring, evaluation, knowledge

sharing and impact measurement to foster adaptive learning and enable scaled, equitable transformation.

12. **Mobilising Europe's unique cultural infrastructure.** To support neighbourhood and urban transformation in the spirit of the Bauhaus. Over three decades, the EU has invested in a globally distinctive ecosystem of publicly funded spaces where art, design, science, technology, and ecology converge—supported by programmes such as Science, Technology, and Arts (STARTS), Creative Europe, and European Institute of Innovation and Technology Culture & Creativity. This "archipelago" of laboratories represents a unique European asset: these spaces pioneer new narratives for sustainable living, prototype innovative approaches to the built environment, and develop the participatory methods essential for community-led transformation.
13. **Ensuring that digital tools (including artificial intelligence; AI) for urban development align with European values.** That is to build on openness, public ownership, and democratic governance. This can accelerate the cultural and technological shift required for the green transition.

Building on the principles above—specifically the need for balanced financial commitment and systemic impact—the analysis draws on lessons from the first generation of projects to identify barriers to replication and scale-up. The study shows that **NEB's impact will depend on interlinked conditions**:

1. **Clarity and shared standards.** Clear definitions, templates, and benchmarks that lower transaction costs and build investor confidence.
2. **Capacity and stewardship.** Aware, skilled, well-resourced municipalities, development agencies, and community-led organisations can turn vision into action.
3. **Layered and hybrid finance.** Blending public, private, voluntary, and philanthropic investment across a project's life cycle.

Success will not be measured solely by kilowatt-hours saved or square metres refurbished. It lies in the project's ability to strengthen a sense of belonging, enhance sustainability principles, and embed justice and creativity in daily life. Finance becomes transformative only when paired with design quality, stewardship, and good governance.

These principles and conditions draw on multiple sources of guidance, notably the NEB Facility Roadmap alongside the NEB Compass, reflecting established NEB values while adapting them for the practical needs of the roll-out component.

After translating NEB's core values into roll-out-relevant principles, the expert sub-groups moved into a multi-stage co-creation process that produced this opinion. The process began with an initial collection of ideas, where members responded to a structured set of **four key questions** designed to explore the priority areas of the NEB's roll-out component:

1. What rationale should inform the prioritisation of action within the NEB roll-out, and what key barriers need to be addressed?

2. What examples of “good” or “next” practices illustrate successful solutions for implementing NEB values within neighbourhoods?
3. What policy interventions and regulatory adjustments could create more systems of innovation across built environments for NEB-aligned practice, i.e. widespread adoption of NEB principles across diverse contexts?
4. What potential forms of funding could be mobilised for NEB-related initiatives in neighbourhoods?

This approach allowed the sub-groups to ground their reflections in practical experience, bridging conceptual reasoning and implementation realities and ensuring that proposed priorities were informed by practice-based evidence with concrete examples relevant to NEB implementation.

Drawing on the collected material, the sub-groups then consolidated the diverse contributions into a cohesive report. This involved transforming the structured answers into a linear narrative and synthesising the ideas. This work underwent multiple rounds of review and refinement through written comments and online meetings, where significant challenges such as scale, urban-rural synergy, and strategic consistency were addressed. The final stage of the process involved in-person meetings dedicated to reconciling any remaining contradictions, eliminating overlaps, prioritising recommendations based on potential impact, and ensuring that all proposals were aligned with the core values and principles of the NEB.

Recommendations

Based on the lessons learned and the analysis of barriers to scale, the Expert Group recommends the following consolidated actions to the EU and its Member States. These recommendations integrate financial mechanisms, capacity building, and regulatory innovation to ensure the successful roll-out of the NEB:

1. **Promote standardised cooperative and hybrid funding models**

Integrate resident equity, municipal facilitation, and sustainability-linked finance to align public, private, and community interests. By supporting models that blend resources, the EU can foster financially viable projects that remain community-led.

2. **Mobilise philanthropy and impact capital**

Position the NEB as a trusted framework for mission-driven investment. The NEB Innovative Funding Advisory Hub should act as a bridge to foundations and impact investors that can absorb early-stage risks and support the intrinsic social and aesthetic value of innovation.

3. **Support affordability and phased financing**

Establish blending facilities, subsidy schemes, and guarantee-based mechanisms to ensure high-quality, sustainable design remains accessible to vulnerable groups. Financial instruments must be aligned with project lifecycles to bridge the gap between concept and implementation.

4. **Embed NEB values in cohesion and national programmes**

Mainstream climate-adaptive and inclusive solutions by integrating NEB principles into broader national and EU policy goals. Strategic alignment ensures that projects receive the necessary political support and access to structural funding streams.

5. **Strengthen municipal capacity and interdisciplinary skills**

Scale advisory services and fund cross-sectoral training networks to equip municipalities and practitioners with the skills needed for innovative procurement, co-design, and finance. Municipal readiness is essential for attracting private partners and ensuring quality delivery.

6. **Provide clarity through shared standards and templates**

Develop model contracts, definitions, and a “NEB-grade checklist” to reduce ambiguity for applicants and investors. Standardising documentation will lower transaction costs, build investor confidence, and accelerate the replication of successful projects.

7. **Create de-risking tools and enable regulatory innovation**

Establish regulatory “sandboxes” and recognise instruments like material passports to facilitate adaptive reuse, circular construction, and temporary-use initiatives. Testing experimental designs under controlled conditions enables safe innovation in building codes and planning.

8. **Embed participation as a core investment criterion**

Integrate citizen assemblies, co-design workshops, and participatory budgeting into funding calls. Meaningful participation ensures long-term stewardship, increases project legitimacy, and reduces implementation risks.

9. **Establish an external evaluation and learning dimension**

Implement academic-supported monitoring at national and EU levels to strengthen evidence-based learning. A feedback loop of policy analysis and adaptation is critical for proving the impact of NEB approaches and enabling their replicability.

10. **Promote specialised NEB Promotion and development agents**

Behind every successful NEB project is a multi-skilled, professional, and effective development agency that can work with the beneficiary community to make their proposals a reality. In the majority of cases, some or all of these skills must come from an external development agency, such as state bodies, municipalities, social housing associations, or secondary housing agencies. These agencies are vital to the success of the roll-out of the NEB and must be identified and supported, and long-term support provided to such agencies, possibly on a multiannual basis.

11. **Foster transparency, visibility, and replication**

Launch a public platform for NEB financing and governance models alongside a dedicated "Seal of Quality" to showcase credible, investor-ready examples. Highlighting the technical and financial structures of successful projects builds trust and signals reliability to financial markets.

12. **Mobilise Europe's cultural infrastructure for neighbourhood transformation**

Link NEB neighbourhoods to Europe's network of publicly funded cultural laboratories, art-science-technology festivals, and creative research spaces. These institutions bring proven methods in participatory design, citizen engagement, and speculative futures that can accelerate local transformation.

13. **Open EU digital infrastructure to creative communities and citizens**

Ensure that AI Factories and the European High Performance Computing Joint Undertaking (EuroHPC JU) serve environmental and societal goals beyond research and industry. The NEB should establish dedicated access programmes for artists, designers, and citizen groups to use public computing infrastructure for sustainable design and neighbourhood-scale innovation. Digital tools developed for NEB neighbourhoods should be open source, ensure community ownership of data, and be democratically governed, in line with Europe's digital sovereignty principles.

1. Strategic Rationales and Success Criteria

1.1. Turning NEB Values into Investable Projects

Europe is at a decisive moment. The investments required in housing, public spaces, and infrastructure to achieve climate neutrality and adapt to rapid demographic and urban change are unprecedented. At the same time, the financial ecosystem that should support this transformation remains uneven. Large-scale developers and established actors can access capital relatively easily. At the same time, small and community-based initiatives, often those most aligned with the values of the NEB, may struggle to survive. This “David versus Goliath” dynamic is not only grossly unfair but risks undermining the ambition to make sustainability, inclusion, and beauty the defining features of Europe’s built environment.

The **NEB Investment Guidelines** **(July 2024)** provide a bridge between principles and practice. They show how investors can integrate NEB values into decision-making, offer best practices, and propose recommendations to deliver high-quality projects. Yet guidance alone is insufficient. To mobilise both national and private funding at scale, Europe must be proactive, remove barriers, create reliable models, and ensure that smaller municipalities, development agencies, and community-led organisations can also access the resources needed to thrive.

This part of the opinion focuses on advice on:

- Areas of the NEB Facility suitable for national and private roll-out.
- Taxonomy of funding sources and mechanisms.
- Barriers and limitations, with actions at the EU level.
- Ways to link NEB with impact investors and philanthropists.

Our analysis builds on the lessons of the first generation of NEB projects, the NEB Community’s experience, and practical examples of innovative financial and governance models.

To respond effectively, the EU may focus on three levers that appear particularly decisive across Member States: developing blueprints or common templates and standards, strengthening municipal and community capacity, and creating blending facilities that combine public, private, and philanthropic resources.

1.2. Narrowing the NEB Roll-Out Focus: Guiding Rationales and Barriers to Mainstreaming NEB

To translate the NEB’s ambitions into actionable choices, this section presents the working rationales to guide and focus prioritisation for the roll-out. Alongside the report’s guiding principles, presented in the introduction, these rationales function as practical decision-making filters linked to the specific objectives set out in the NEB's Road Map, indicating which objectives and angles deserve priority, explaining the

reasoning behind those selections, and highlighting key barriers that need to be overcome for feasible and scalable mainstreaming.

1.2.1. Rationale for Support Under Specific Objective 1: Transforming Places with Communities

1.2.1.1. Rationale for Support in the Roll-Out Priority Area: 1. Implement Beautiful, Sustainable, and Affordable Housing

- **To respond to demographic and climate pressures.** Forthcoming demographic and climate changes across Europe require a fundamental shift in housing culture. The existing urban housing stock is the product of a century and a half of implementing diverse design and construction approaches. However, much of the resulting housing stock is now obsolete and fails to meet modern standards of space, comfort, and sustainability. Much of it requires renovation and retrofitting. In parallel, existing rural housing stock is often dispersed and isolated, substandard in terms of performance. It lacks ancillary social and logistical infrastructure, sustainable energy sources, sustainable water and waste treatment and connectivity. In addition, growing populations, both urban and rural, create a demand for the construction of additional housing and for countless empty buildings to be brought back into use, as a matter of urgency.
- **To strengthen social cohesion and public health.** Housing quality is a major driver of social inclusion. The low standard of repair of much existing housing contributes to social fragmentation, anti-social behaviour, and poor health outcomes. Providing sustainable, secure, accessible, and aesthetically pleasing homes is foundational to fostering balanced, healthy, and integrated communities.
- **To ensure a people-centred and just transition.** A holistic and people-centred approach to housing design, development, and renovation is critical to achieving a just transition to sustainability. Current construction and renovation approaches often overlook the broader social and environmental context, focusing too heavily on technical expediency and financial return on investment. These approaches risk displacing or excluding local communities and missing opportunities to enhance the quality of life while improving sustainability, energy efficiency, and community resilience.
- **To overcome systemic market and policy failures.** The advancement of high-quality, socially responsible, and affordable housing is hindered by significant, interconnected barriers that require systemic intervention. These obstacles include a shortage of accessible and appropriate building land, the ageing or obsolescence of buildings, the lack of essential infrastructure, prohibitive upfront capital costs, inflationary construction costs, speculation, fragmented policy frameworks, and a construction sector unable to deliver innovation at scale.

1.2.1.2. Rationale for Support in the Roll-Out Priority Area: 2. Deploy Regenerative Strategies for Green and Public Spaces

- **To enhance urban resilience and respond to climate threats.** Regenerative strategies, which focus on circular approaches, the use of sustainable materials, and co-design, offer an effective integration of nature, technology, and communities. They are more effective in adapting urban and rural habitats to climate change and creating hospitable conditions for all inhabitants.
- **To strengthen social cohesion and community stewardship.** Green and public spaces are fundamental to community well-being. A regenerative approach addresses the failures of technocratic planning and design approaches by embedding meaningful public involvement in the design and stewardship of these spaces, transforming potentially neglected sites into valued public spaces.
- **To provide a sustainable alternative to linear models.** Regenerative strategies offer a direct alternative to the wasteful, linear construction and renovation models of the past. Public, non-profit, and cooperative-owned developments offer ideal case studies for applying circular economy principles, such as projects utilising modular construction and bio-based materials, extending product lifecycles through reuse and recycling, generating energy on-site, and implementing sustainable waste management.
- **To deliver integrated ecological and social benefits.** By re-centring green infrastructure within urban design, we promote a regenerative model that delivers multiple, interconnected benefits. These include enhancing biodiversity, capturing carbon, reducing energy use, mitigating air pollution, and creating tangible opportunities for high-quality jobs and community activities such as urban agriculture.

1.2.1.3. Rationale for Support in the Roll-Out Priority Area: 3. Implement Stronger Mechanisms for Local Democracy and Neighbourhood Services

- **To foster resilient and sustainable communities.** Local democratic processes are paramount for successful urban and rural development. Engaging residents in the co-design and self-management of their built and natural environment creates a sense of collective ownership and a direct stakeholding in their community's future.
- **To remedy the deficiencies of current systems.** Successful sustainable development requires a dynamic partnership between all sectors (public, private, community, and academic), particularly the central participation of beneficiaries and their community organisations in the development process (co-design). Effective mechanisms are needed to ensure residents, particularly those from vulnerable and marginalised sectors, have an equitable and influential voice and co-creation opportunities in the development and management of their built and natural environment.
- **To ensure the legitimacy and long-term success of projects.** Services and public spaces, developed through genuine participation, are more likely to be accepted, supported, and maintained by residents because they are better

aligned with their actual needs and aspirations. This, in turn, enhances their effectiveness, impact, and sustainability.

- **To build lasting community capacity.** Effective participation must transition from short-term (token and ad-hoc projects) to permanent, structured practices embedded within local administrations. This ensures that community expertise is mobilised and that valuable relationships are developed sustainably over the long term.

1.2.1.4. Rationale for Support in the Roll-Out Priority Area: 4. Support Culture and Creation as Languages of Change

- **To guide profound societal transformations.** Major shifts, including the transition to low-carbon, fair, and sustainable societies, cannot be achieved solely through policy and technology. They require adopting new ways of working and living, along with shifts in values, mindsets, and collective imagination. Culture and the arts combined with science and technology can be valuable drivers of this change, offering tools, innovative digital infrastructures, AI-driven methods, narratives, practices, and shared symbols that can inspire, mobilise, and connect communities.
- **To ensure public acceptance and belonging.** For transformative projects to be sustainable, they must resonate with communities at an emotional and cultural level. Prioritising aesthetics, heritage, culture, arts, science, technology, and design, and the quality of shared experience through creative practice is a primary means of building this essential rapport and securing genuine public support for transformative initiatives and lasting change.
- **To forge social cohesion and community resilience.** Through shared activities such as public art, artistic research and experimentation, theatre, and creative workshops, culture acts as a powerful instrument for building a common identity and collective purpose. This function is vital for unifying communities and strengthening the social fabric during periods of significant change.
- **To overcome systemic barriers to progress.** The transformative potential of culture is currently limited by systemic obstacles, including fragmented responsibilities, short-term, siloed funding models, and limiting policy frameworks that marginalise culture's role in shaping societal futures. Unlocking its transformative potential requires a deliberate shift to embed culture across public planning, policy, and development. Unlocking its transformative potential requires an intentional change to integrate culture into all spheres of public policy, planning, and development.
- **To mobilise Europe’s unique cultural infrastructure for neighbourhood transformation.** Over three decades, Europe has developed a globally distinctive ecosystem of publicly funded spaces where art, design, science, technology, and ecology converge—including art and technology festivals, digital art museums and media labs, citizen laboratories, design and architecture centres, and artistic residency programmes. Programmes such as Science, Technology and the Arts (STARTS), European Institute of Innovation and

Technology (EIT) Culture & Creativity, Creative Europe, and Joint Research Centre's (JRC) SciArt initiatives have nurtured this "archipelago" of cultural laboratories.

1.2.2. Rationale for Support Under Specific Objective 2: Supporting Innovation

1.2.2.1. Rationale for Support in the Roll-Out Priority Area: 1. Embrace a New Construction Culture

- **To replace an obsolete industrial paradigm.** The dominant linear construction culture is a legacy of an era built on cheap fossil energy, an assumption of unlimited resources, and an utter disregard for resulting waste. This model is fundamentally incompatible with climate, resource, and social justice imperatives. It cannot meet the urgent need for built environments that radically reduce material and energy consumption while supporting equitable and liveable communities.
- **To establish a new, value-driven approach.** Embracing a new construction culture requires a foundational shift in values, moving away from a focus on short-term technical fixes and short-term financial profit towards sustainable strategies and long-term holistic benefits. This new paradigm must be based on clear principles of resource efficiency and environmental stewardship (circularity), equity, affordability, and fair access to housing and services.
- **To overcome systemic inertia and structural barriers.** The mainstream construction sector has, to date, been slow to adopt best practices in sustainability, circularity, and life cycle thinking. It mostly continues to rely on fossil fuels, fossil-based products, extracted finite raw materials, and synthetic, non-recyclable products, with a high level of embedded energy and CO_2. It primarily employs a top-down approach to development, rarely consulting local communities on the impact of proposed developments.
- **To empower all actors in the building process.** A successful transition requires re-engaging all stakeholders, moving beyond a narrow focus on large developments to empower municipal authorities, housing associations, cooperatives, communities, and other actors in the development process. This involves addressing knowledge and resource gaps and providing efficient and accessible support to key stakeholders, making meaningful participation in design a requirement for development.
- **To prioritise material efficiency alongside energy efficiency.** A new construction culture must address not only operational energy but also embodied carbon and material consumption. The International Resource Panel estimates that material efficiency strategies in residential buildings could reduce greenhouse gas emissions by 35-40% in developed economies by 2050. This requires a fundamental shift: designing for longevity and adaptability rather than planned obsolescence; specifying materials based on lifecycle impacts; maximising reuse of existing structures and components; and treating deconstruction and material recovery as integral to building design. The NEB

should champion “design for disassembly” principles, material passports for buildings, and procurement frameworks that value lifecycle performance over initial cost.

1.2.2.2. Rationale for Support in the Roll-Out Priority Area: 2. Support Innovative Materials and Products

- **To enable a sustainable construction culture.** The development and availability of new, affordable materials, products, and services with lower embedded carbon and energy, that are non-toxic and designed for circularity (e.g., for ease of repair and disassembly), are fundamental prerequisites for a holistic transition to a sustainable built environment.
- **To overcome systemic market and regulatory barriers.** Significant barriers, including high initial costs, lengthy certification processes, unreliable supply chains and skills and information gaps, currently impede the adoption of innovative materials and practices. Targeted support is essential to de-risk innovation and accelerate the uptake of proven, sustainable alternatives in the construction industry.
- **To foster appropriate and context-sensitive innovation.** Support for innovation must be discerning, avoiding untested solutions or an over-reliance on high-tech systems that ignore local context. The aim is to foster appropriate technology, or “right-tech” (as opposed to “high-tech”) solutions that meet each project’s unique requirements, leverage regional expertise, and account for context-specific factors such as local climates and workforce skills.
- **To ensure genuine lifecycle sustainability.** The evaluation and support of new materials must be grounded in a comprehensive, whole-life-cycle analysis. A material’s actual value can only be assessed by understanding its entire lifecycle, from production to deconstruction and reuse or end-of-life, ensuring it contributes to a circular economy and avoids creating unintended environmental or social problems down the line.

1.2.2.3. Rationale for Support in the Roll-Out Priority Area: 3. Deploy Circular Economy

- **To replace an inherently unsustainable economic model.** Deploying a circular economy approach is a fundamental response to the failures of the dominant “take-make-waste” linear system. A circular approach offers a systemic framework for minimising resource depletion, waste, and embedded carbon, and for mitigating the transfer of environmental burdens to future generations.
- **To address complex, systemic challenges.** The transition to a circular economy is not merely a technical task, but a holistic endeavour that requires coordinated and concerted action to overcome significant barriers. These include creating understanding and buy-in from consumers, overhauling regulations (e.g., those that misclassify reusable materials as waste), promoting circular design solutions that incorporate assembly, disassembly, and

modification, and aligning the economic system, policy frameworks, and incentives with new environmental standards and cultural norms.

- **To ensure a socially just and resilient transition.** A truly effective circular economy must be socially embedded, prioritising community ownership and local context over purely technical or financial optimisations and involving residents democratically in the design and implementation of circular economy approaches. This can transform circular initiatives into forces that build local capacity, strengthen social bonds, and address inequalities.
- **To drive tangible innovation in design and materials.** Trial and error are essential for innovation, but also long-term thinking and forward planning. Innovation in design and materials involves applying life-cycle thinking to design and construction approaches that incorporate circular design, enabling seamless repair, modification, and (if appropriate) reassembly. Also, prioritising biomaterials, recycled and recyclable materials, incorporating energy efficiency, self-generation, and bio-treatment of waste.

1.2.3. Rationale for Support Under Specific Objective 3: Enabling Change

1.2.3.1. Rationale for Support in the Roll-Out Priority Area: 1. Boost Skills for Sustainable Construction

- **To address a critical and structural skills gap.** A significant skills shortage is a primary obstacle impeding the widespread adoption of sustainable construction practices. Current vocational educational systems are largely outdated and lack knowledge of sustainable materials, circular and participatory design, and relevant digital tools, hindering the sector's transition at the necessary scale and pace. Although there has been considerable improvement in the schools of design and architecture in this respect, the pace at which this innovation matures into new production methods and, ultimately, into production itself is outstripped by the growth of construction and industrial production.
- **To develop proficiency across the entire value chain.** Addressing the skills gap requires a coordinated strategy that targets professionals at every level. This includes fostering technical, practical, and reflective, critical thinking skills for sustainable design and production/construction, ensuring designers and builders are proficient in their application, and expanding a skilled workforce capable of effective on-site implementation.
- **To overhaul outdated educational and training frameworks.** To build capacity, radical reform in higher and professional education appears necessary. Sustainable design and construction must be integrated into the core curricula of universities and technical colleges—ensuring they are treated as central priorities rather than peripheral or optional topics. At the same time, training must be made accessible to the existing workforce through tailored professional development and practical, hands-on learning. Finally, regulatory frameworks must evolve accordingly. In short, the entire chain of spatial production must be significantly modified in accordance with circularity principles.

- **To remedy the sector's deep-seated social challenges.** For the construction workforce to be truly sustainable, skills initiatives must actively address endemic issues, such as the gender gap, precarious career pathways for many workers, health and safety concerns, and the industry's poor public image, which deters new talent.

1.2.3.2. Rationale for Support in the Roll-Out Priority Area: 2. Implement Innovative Funding and Business Models

- **To overcome the failure of traditional financing.** Conventional funding models are often unwilling to support projects with long-term social and environmental value, as these benefits are not directly profitable. Creative mechanisms are urgently needed to unlock the investment needed to achieve ambitious climate- and community-focused objectives.
- **To enable holistic and value-chain-oriented businesses.** A transition to a sustainable and circular economy requires business models that can understand, encompass, and influence the entire value chain, from material production to deconstruction and reuse. These models must be strategically designed to ensure long-term economic viability while achieving sustainability goals.
- **To empower local initiatives and overcome fragmentation.** Innovative models are essential for enabling local initiatives to scale effectively. By moving beyond individual ownership towards community ownership structures, such as community-based associations, community land trusts, and cooperatives, residents can pool resources, share knowledge, and build self-sustaining systems that maintain local value and control.
- **To deploy a diverse range of financing strategies.** A key rationale is the need to move beyond standard debt and equity. This includes leveraging public finance to attract private investment and recognising non-standard forms of capital, such as beneficiary contributions through labour ("sweat equity"), loan-stock issues, crowdfunding and blockchain to facilitate a wider variety of developments.

1.2.3.3. Rationale for Support in the Roll-Out Priority Area: 3. Implement Digital Tools, Including Through Technical Assistance for Local Governments

- **To bridge the digital divide in local governance.** A significant digital divide prevents many municipalities, particularly smaller and less affluent ones, from utilising modern digital tools to advance local government functions. Likewise, local development agencies, community-based associations and cooperatives struggle to capitalise on the potential of recent technological advances, aligned with European values and strengthening European digital sovereignty. Lacking financial resources and in-house expertise, they require targeted technical assistance to build their capacity for effective planning and management.

- **To enable the systemic management of urban and rural resources.** Digital tools are valuable for facilitating a circular economy. They provide the means to monitor the "urban (and rural) metabolism"—the flows of materials, energy, and capital through urban and rural areas—which is crucial for shifting from a linear and extractive paradigm to a circular one.
- **To ensure digital transformation is inclusive and democratic.** To be truly effective, the implementation of digital tools, including AI, must move beyond top-down data collection and incorporate bottom-up approaches. Digital tools become more effective when citizens are actively involved, for example, by enabling real-time resource management and feedback through accessible digital platforms. At the same time, it is essential to uphold democratic control, transparency, and ownership of data and technology, and to employ participatory models that place power in the hands of communities and reduce the risk of reinforcing existing inequalities through digital exclusion.
- **To overcome technical barriers in the built environment.** A suite of digital applications should be available to enhance sustainability. Technologies such as computer-aided design (CAD) and building information modelling (BIM), energy monitoring and management platforms, scanners, drones, and environmental sensors enhance the efficiency of design, enabling the tracking of construction and operations, as well as the lifecycle management of buildings.
- **To ensure digital tools for neighbourhoods and the built environment align with European values of digital sovereignty.** As neighbourhood governance and participation increasingly rely on digital platforms—for co-design, deliberation, service delivery, and community engagement—there is a risk of dependence on commercial platforms that extract data, create lock-in, and operate under governance frameworks misaligned with public interest. NEB digital tools should prioritise open-source solutions, community ownership of data, interoperability, and democratic governance. This includes participatory budgeting platforms, co-design tools, sovereign AI, building lifecycle databases, and citizen engagement systems that can be freely adopted, adapted, and governed by municipalities and communities themselves.

1.2.3.4. Rationale for Support in the Roll-Out Priority Area: 4. Deploy Capacity-Building for NEB Solutions

- **To bridge the gap between ambition and capability.** A primary rationale for capacity-building is the significant gap between the aspirations of the NEB and the existing skills and knowledge (not to mention maturity) of the developers, workforce and stakeholders expected to implement them. Many municipal governments, community organisations, and local professionals are not prepared (due to inertia, capacity, or knowledge) to promote or manage the complex, collaborative projects that NEB solutions entail.
- **To create sustained and context-specific support.** To be effective, capacity-building must transcend isolated and one-off events and lead to lasting change. This requires the development of permanent support systems and secondary

support organisations that are tailored to local contexts and needs, overcoming the challenge that stakeholders often lack the time for new approaches without immediate and tangible returns.

- **To enable a coordinated and multi-level strategy.** The deployment of NEB solutions requires a coherent roll-out strategy adaptable to different regions. This requires close collaboration between national, regional, and local authorities, as well as community associations and cooperatives, working in partnership with designated promotional and development agencies and professional multipliers to translate high-level principles into widespread practices.
- **To deliver practical skills for implementation.** At its core, capacity-building involves practical training for individuals who will design, construct, and manage NEB solutions. It is essential to develop targeted programmes for development agencies, professionals, and tradespeople to ensure they have the technical proficiency to work with new sustainable materials, circular methods, and innovative technologies.

1.3. What Success Looks Like

Success in NEB projects is not measured only in square metres refurbished or kilowatt-hours saved. It is about the soul of the project: **whether people embrace it, whether it fosters a sense of belonging, and whether it embodies the values of justice and creativity**. A technically and financially perfect project can still falter if it lacks acceptance, relevance, or ecological depth.

The story of **Chapitô** in Lisbon, Portugal, illustrates this vividly. What began as a professional circus school for disadvantaged youth grew into a sustainable ecosystem that intertwines art, education, and social justice. Its financing combined city support for infrastructure, philanthropic first-loss grants to cover the riskiest phases, and eventually the engagement of residents and developers once viability was proven. The result is a landmark in Lisbon's cultural life and a blueprint for blending social, cultural, and financial capital.

Yet social sustainability alone is not enough. NEB projects also succeed when they enhance **ecological capacity**. This means embedding nature-based solutions and ecosystem services into design, ensuring that places are prepared for climate change and generate co-benefits beyond the human scale. Ecological capacity improves microclimates, creates habitats for biodiversity, and strengthens resilience to floods, droughts, and heatwaves.

Other examples across Europe reinforce this lesson:

- **Schoonschip** in Amsterdam Noord, where residents created a cooperative and financed their floating neighbourhood through a mix of equity, green mortgages, collective loans, and municipal facilitation.
- **Grössling Bath in Bratislava**, where a disused bathhouse was regenerated into a public-private cultural hub, financed through crowdfunding, municipal concessions, and support from creative industries.

- **OASIS Schoolyard Programme in Paris**, where the city recognised schoolyards as evenly distributed assets that could be greened to combat urban heat. Funding combined municipal investment, regional grants, EU financing, and partnerships with social organisations, while design was co-created with pupils and teachers.

These stories demonstrate that success is not solely determined by money. It requires strong design, visionary champions, municipal partnership, and governance structures that empower communities. The principle is simple yet profound: **find good designers, find community, and funding will follow**.

Equity and gender-responsive design are essential to the NEB's success. The **NEB Investment Guidelines** underline that projects gain resilience and legitimacy when they respond to the needs of diverse groups, including women, young and older persons, migrants, and people with disabilities. Through our research and experience, we have seen that **measures such as universal design for accessibility, participatory co-design with underrepresented groups, and integration of care needs into spatial planning not only ensure fairness but also strengthen the business case: inclusive projects are more widely accepted, enjoy higher utilisation rates, and demonstrate greater long-term stability. Embedding gender and equity considerations from the start, therefore, contributes to both social justice and financial sustainability**.[1] But equally, projects must ensure that design choices restore ecosystems, buffer against climate shocks, and enable more-than-human resilience.

1.4. Demand, Supply, and Transversal Dimensions of NEB Financing

The ability of NEB projects to scale depends on three interrelated financing dimensions. First, the **demand side**, which reflects the diversity of projects, their needs, and their capacity to mobilise communities. Second, the **supply side**, which captures how financial institutions, investors, donors, and public bodies respond to those needs. And third, the **transversal conditions**, such as regulation, governance, and stewardship, which shape the interaction between demand and supply.

Why these three dimensions matter:

- **Integration.** Financing mechanisms cannot be separated from design and participation. The NEB approach integrates cultural, ecological, and financial dimensions into a single system.
- **Alignment.** Projects need predictable pathways from concept to development to funding. Fragmented instruments or unclear standards create bottlenecks.

[1] See, for instance, J. L. Hogan (2024). Why does community ownership foster greater acceptance of renewable projects? Investigating energy justice explanations. *Local Environment*, 29(9), 1221–1243. https://doi.org/10.1080/13549839.2024.2360716; European Commission: Directorate-General for Employment, Social Affairs and Inclusion (2025). *Perceptions of fairness and climate action in the EU: What drives citizens' support for the green transition?*, Publications Office of the European Union, https://data.europa.eu/doi/10.2767/1292775; CAN Europe (2025). *Community Engagement and Fair Benefit Sharing of Renewable Energy Projects*, https://caneurope.org/community-engagement-and-benefit-sharing/.

- **Stewardship.** Long-term quality depends on people and institutions—municipalities, cooperatives, facility managers—who act as custodians of NEB values throughout a project's life cycle.

Together, these dimensions explain why many NEB-aligned projects succeed in concept but stall in implementation (see Table 1). They also point to where EU-level action can create the enabling environment for replication and investment.

Table 1. Overview of Demand, Supply, and Transversal Dimensions in NEB-Aligned Projects

Dimension	Key Features	Challenges Identified	Illustrative Examples/Insights
Demand	Reflects the diversity in characteristics of NEB-aligned projects and their ability to mobilise communities.	- Fragmented demand across Member States. - Limited capacity to translate strong interest into implementable projects in general, and in particular towards financiers.	**Scale and diversity.** Some projects require modest sums; others need hundreds of millions. Scale is not only about capital but also the number of beneficiaries, the depth of engagement, the time dimension, or symbolic value. **Community engagement.** Projects succeed when citizens are genuinely involved in the design and governance process. Participation builds acceptance and trust, derisks investment, and preserves democratic accountability. Tokenism, by contrast, erodes confidence. **Design as leverage.** Good design is a magnet for funding and legitimacy. Designers who integrate sustainability and aesthetics unlock both financial support and community enthusiasm. **Affordability vs best in class.** Projects often confront trade-offs between keeping costs low and delivering high-quality, resilient solutions. NEB must help ensure that affordability does not mean mediocrity—even if the scale needs to be adjusted—by providing financial models that look beyond initial costs and translate into resource efficiency, well-being, and financial benefits over the entire life cycle.
Supply	Captures how financial institutions, investors, donors, and public bodies respond to project needs.	- Fragmented and incompatible funding tools and contracts. - Risk aversion to innovative or cross-sectoral projects with uncommon risks and outcomes. - Weak municipal capacity and	**Fragmented instruments.** Different tools operate with conflicting timelines and criteria, creating "chicken and egg" dilemmas in which funders require tangible progress before committing, but projects cannot move forward without funding. **Conservative criteria.** Financial institutions—and their regulators—favour stability over innovation, making them reluctant to support projects that combine aesthetics, inclusion, and circularity. **Specialised but narrow finance.** As an example, in Germany, financing for *Baugruppen* (building groups) appears concentrated in very few institutions, which may limit replication.

		regulatory complexity.	**Municipal constraints.** Local governments are understaffed, face lobbying by stronger actors, and struggle with regulatory complexity. Their limited capacity discourages private partners.
Transversal	Conditions that shape the interaction between demand and supply, including regulation, governance, and stewardship.	- Nationally varying regulatory, institutional, and market factors that affect NEB implementation and replication.	**Regulatory frameworks.** Building regulations often prioritise virgin materials and increasingly demanding standards, driving costs upwards. Existing incentives may at times favour cost-increasing norms, thereby limiting circularity and reuse. **Governance and stewardship.** The presence of a strong champion or steward, such as an individual, cooperative, or municipality, with their own experience or access to others' experience, often makes the difference between success and failure. Without stewardship, even well-financed projects lose momentum. **Democratic structures.** Citizen assemblies and co-design workshops help prevent tokenism and anchor projects in local realities. Effective engagement must move from superficial consultation to structured policy integration. **Physical value and visibility.** Projects that create tangible transformations, visible, experienced, and shared, inspire replication and attract investors. Abstract or purely technical benefits struggle to mobilise support. **Market limitations.** The market alone cannot finance collective goods or long-term projects. Public and philanthropic actors are crucial in filling these gaps, especially in the initial phases. **Facility managers.** May serve as guardians of quality once projects are completed, ensuring that design choices, maintenance practices, and user engagement continue to reflect NEB values throughout the project's lifecycle, as encouraged in the NEB Investment Guidelines.

Source: Own elaboration by Francesca Bria, Marine Cornelis, Matthew Kennedy, Réka Matheidesz, Aksel Mjøs, Cornelia Redeker, and Mette Skjold.

1.5. Synthesis of Strategic Rationales

- **Scaling requires readiness and absorption capacity.** Local actors need skills, intermediaries, and guarantees to transform interest into bankable projects.
- **Finance follows clarity.** Well-articulated NEB projects that combine sustainability, inclusion, and aesthetics with measurable results attract investors.
- **The bottleneck lies at the interface.** Misaligned project timelines and funding procedures block progress; flexible, blended instruments are essential.
- **Governance and stewardship drive endurance.** Municipalities, cooperatives, and facility managers, together with the people themselves, sustain projects beyond completion, ensuring continuity of NEB values.
- **Circularity depends on regulatory reform.** Building codes that discourage reuse or adaptive design increase costs and limit innovation.
- **Community engagement is an investment in trust.** Participation reduces perceived risk and enhances financial legitimacy. It should be embedded as a core asset, not a side activity.
- **Integrated evaluation frameworks help investors.** Scoring tools that combine social, ecological, and aesthetic value clarify what constitutes a "NEB-grade" project.
- **Philanthropy and insurers are underused allies.** Their involvement can de-risk innovation, support maintenance, and guarantee continuity of quality and fairness.

2. Financial Structuring and Funding Solutions

2.1. Taxonomy of Funding Sources and Mechanisms

To mobilise national and private funding effectively, NEB projects need a clear framework for understanding **what is being funded, by whom, and under which conditions**. The complexity of financing reflects the diversity of NEB projects: a housing cooperative, a circular-materials pilot, or a community cultural hub may each require different forms of support. To make sense of this variety, a taxonomy organised along three dimensions is proposed: **project categories, funding sources, and contractual mechanisms**.

2.1.1. Categories of NEB Projects

NEB projects encompass a broad spectrum of initiatives in the built environment and community life, including:

- **Housing and mixed-use initiatives.** These include market-rate housing, mixed-income and mixed-use developments, student housing, elderly housing, and specialised housing for persons with disabilities. Some are entirely new builds; others involve retrofitting or adaptive reuse. See, for example, the Berlin Blumegrossmarkt.
- **Social and affordable housing.** Permanent social housing, cost-rental housing, transitional housing, or supportive housing linked to social services are essential for inclusion, but also require long-term financing that combines subsidies, grants, and resident contributions.
- **Sustainable buildings.** Zero-energy or near-zero energy houses, passive buildings, or structures certified under schemes such as LEED, BREEAM, DGNB, or WELL embody sustainability and aesthetics but often demand higher upfront capital.
- **Built infrastructure and shared spaces.** Energy and mobility infrastructure, urban green spaces, waste and recycling facilities, digital connectivity, or community energy systems all represent common goods. Their financing usually requires municipal involvement and shared governance.
- **Social interaction and community building.** Digital platforms, social enterprises, cultural hubs, resilience centres, and educational or skills initiatives form the intangible layer of the NEB. They generate long-term social returns, often supported by philanthropy or community finance.

These exemplary categories highlight that NEB is not limited to “bricks and mortar.” It is equally about fostering shared spaces, identities, and networks.

2.1.2. Typical Financing Stacks in NEB Projects

To illustrate, three archetypal models show how layering can work in practice (Table 2).

1. **Community cooperative model**
    - *Contributions*. Residents provide equity and voluntary effort; municipalities allocate land or long leases; banks extend green mortgages; EU or national funds supply guarantees.
    - *Timing*. Early equity and land contributions secure project initiation; mortgages and guarantees follow once construction begins.
    - *Rights/returns*. Residents gain governance rights and long-term affordability; municipalities achieve regeneration; lenders receive stable repayment.
2. **Circular retrofit model**
    - *Contributions*. Developers provide equity in the form of real estate;[2] innovation grants cover the higher upfront cost of circular materials; banks offer loans tied to material passports; philanthropic funds absorb early risks.
    - *Timing*. Philanthropy and grants fund early experimentation; banks and developers sustain later construction phases.
    - *Rights/returns*. Developers retain ownership; funders gain visibility into innovation and reputational benefits; communities benefit from sustainable design and reduced embodied carbon.
3. **Cultural hub model**
    - *Contributions*. Municipalities contribute underused space through long leases; communities support through volunteering and crowdfunding; philanthropists provide first-loss grants; private partners fit out facilities or operate services.
    - *Timing*. Philanthropy and municipal concessions anchor the early phase; crowdfunding mobilises community buy-in; private investment sustains long-term activities.
    - *Rights/returns*. Communities receive use rights and cultural value; philanthropists gain visibility; municipalities achieve regeneration; private partners share in revenues.

[2] E.g., if an owner of a plot of land or an existing building contributes this as part of an NEB-project, this would effectively be "in-kind equity capital," that is, providing capital to the realisation of the project even if it is not in the form of cash.

Table 2. How to Finance NEB Projects: Three Archetypal Models

Archetype	Who Pays What (Inputs)	When (Timing)	Rights/Returns
Community cooperative model	Residents: equity + voluntary effort Municipality: land/ long lease/regulatory flexibility Banks: green mortgages EU/national: guarantees	Residents + municipality anchor inception Mortgages + guarantees activated at construction	Residents: governance rights, long-term affordability Municipality: regeneration outcomes Banks: secure repayment EU: policy alignment
Circular retrofit model	Developer: equity Innovation funds: grants for circular materials Banks: loans tied to material passports Philanthropy: early-stage risk capital	Philanthropy + grants at experimentation stage Developer equity at design Bank loans at the retrofit phase	Developer: retains ownership Funders: visibility for innovation Communities: reduced embodied carbon, better performance
Cultural hub model	Municipality: lease of underused space Community: crowdfunding Philanthropy: first-loss grants Private partners: fit-out, operations	Municipality + philanthropy anchor inception Crowdfunding mobilises early buy-in Private partners sustain long-term activities	Communities: cultural access, use rights Philanthropy: visibility, reputational benefit Municipality: regeneration achieved Private partners: revenue shares

Source: Own elaboration by Francesca Bria, Marine Cornelis, Matthew Kennedy, Réka Matheidesz, Aksel Mjøs, Cornelia Redeker, and Mette Skjold.

2.1.3. Categories of Potential Funding Sources

The next dimension is the landscape of possible funders. These actors bring not only varying volumes of capital but also distinct expectations regarding risk, control, and recognition.

- **Commercial lending banks.** Provide mortgages for house building or purchase, evolving credit, project finance, or syndicated loans. They prefer projects with tangible collateral, predictable cash flows, and measurable risk metrics.
- **Savings banks, credit unions, and cooperative banks.** More community-focused, often rooted in specific territories, they may support smaller-scale or locally significant projects that regular banks may not accept.

- **Institutional investors.** Pension funds, insurance companies, and sovereign wealth funds manage large volumes of capital but are typically bound by risk-averse mandates. However, sustainability-linked instruments (green or social bonds) can unlock their participation.
- **Crowdfunding.** Equity, reward-based, or debt crowdfunding has been critical in many NEB pilots (e.g., De Ceuvel). Beyond capital, crowdfunding builds legitimacy, awareness, and local buy-in.
- **Venture capital and impact funds.** Cleantech or social impact funds are increasingly attracted to projects that combine environmental innovation with inclusion. These funds demand high growth potential but can also provide expertise.
- **Angel investors.** High-net-worth individuals or networks can provide seed capital for pilots. Their motivations may include both financial return and reputational alignment with NEB values.
- **Corporate entities.** Companies may contribute through corporate social responsibility, partnership programmes, or strategic philanthropy. In some cases, corporate venture capital can fund innovative design and construction technologies.
- **Public innovative funding institutions.** National promotional banks, EU-level instruments such as the European Investment Bank (EIB), European Investment Fund (EIF), European Innovation Council (EIC), and Horizon Europe, or regional innovation clusters offer grants, loans, or guarantees.
- **Foundations and charities.** Mission-driven funders often play a critical role by covering early risk, providing first-loss capital, or supporting aspects of projects that are not financially profitable but socially essential.

A defining feature of NEB projects is that they rarely rely on a single funding source. Instead, they combine actors with distinct expectations. This underscores the importance of creating effective partnerships for success.

2.1.4. Contractual Mechanisms

The third dimension concerns **how funders formalise their contribution**. This is not simply a technicality; the choice of instrument shapes ownership, risk-sharing, and incentives.

- **Mortgages and secured loans.** Standard instruments, but with potential to be adapted through sustainability-linked terms or reduced collateral requirements.
- **Guarantees.** Public guarantees (e.g., from the EIF or national promotional banks) can de-risk projects for commercial lenders and represent a variation of "blended finance."
- **Convertible debt.** Loans that convert into equity upon meeting milestones can provide flexibility for risky, innovative projects.

- **Equity participation.** Minority stakes, joint ventures, or cooperative shares align investors' incentives with project outcomes over time.
- **Sustainability-linked debt.** Green, social, or resilience bonds channel institutional capital into projects with measurable outcomes.
- **In-kind contributions.** Municipalities can provide land or buildings, universities can contribute expertise, and citizens can give voluntary or notionally remunerated labour or skills. These contributions, while not always monetised, are essential to NEB's community-driven ethos.
- **Grants.** Seed- or milestone-based grants remain vital, particularly for inclusion-heavy or culturally focused projects.
- **Revenue-based financing.** Repayment tied to project revenue (e.g., shared energy savings and rental income) aligns financial sustainability with social impact.

2.1.5. Layered and Hybrid Finance

Experience across the first generation of NEB projects shows that initiatives rarely rely on a single funding stream. They thrive on **hybrid financing models**, where each actor contributes a different piece of the puzzle and receives various forms of involvement, recognition, or return. This layering reflects the plurality of actors that NEB mobilises and the diversity of values they bring.

- **Residents and communities** may contribute equity, volunteer, or fundraise. Their reward is governance rights, a stronger sense of ownership, and direct benefits from lower energy bills or improved services.
- **Municipalities** often provide land, favourable leases, regulatory flexibility, or co-financing from local budgets. Their return lies in regeneration outcomes, social cohesion, and delivery of their public mandate.
- **Philanthropy and foundations** can absorb early risks through grants or first-loss capital. Their benefit is reputational alignment, social impact, and demonstration value.
- **Banks and institutional investors** typically step in once tangible progress is visible, offering green mortgages, project loans, or sustainability-linked bonds. Their return is a predictable repayment, often de-risked by public guarantees.
- **Insurance companies** can participate as long-term investors in resilient infrastructure or green bonds, attracted by stable risk-adjusted returns. They may also provide climate risk insurance products, helping projects secure financing by reducing exposure to natural hazards. Their recognition comes in the form of portfolio diversification and reputational alignment with adaptation and resilience goals.
- **EU and national instruments** add blending facilities or guarantees, making projects more attractive for private funders while ensuring alignment with public policy.

This architecture allows different actors to enter at various stages of the project cycle: philanthropists and municipalities at inception, residents and communities during mobilisation, banks once outputs are visible, and EU instruments as risk-sharing backstops.

2.1.6. Governance and Compensation

Financing is not just about money; it is also about **rights, recognition, and stewardship**. It raises a fundamental yet overlooked question: *What compensation do funders expect*? For some, it is financial return or ownership rights. For others, it may be reputational value, public recognition, or even symbolic rewards such as plaques. For all, there needs to be a perceived fair balance between contribution and reward, both understood in very general terms.

This points to the importance of designing financing models that **reflect NEB's ethos**. Community funders may expect voting rights or transparent governance. Philanthropists may expect visibility and narrative recognition. Institutional investors will expect predictable risk–return profiles. Balancing these expectations is part of NEB's distinctive contribution (Table 3).

Table 3. Summary of Funder Expectations and Recognition Models

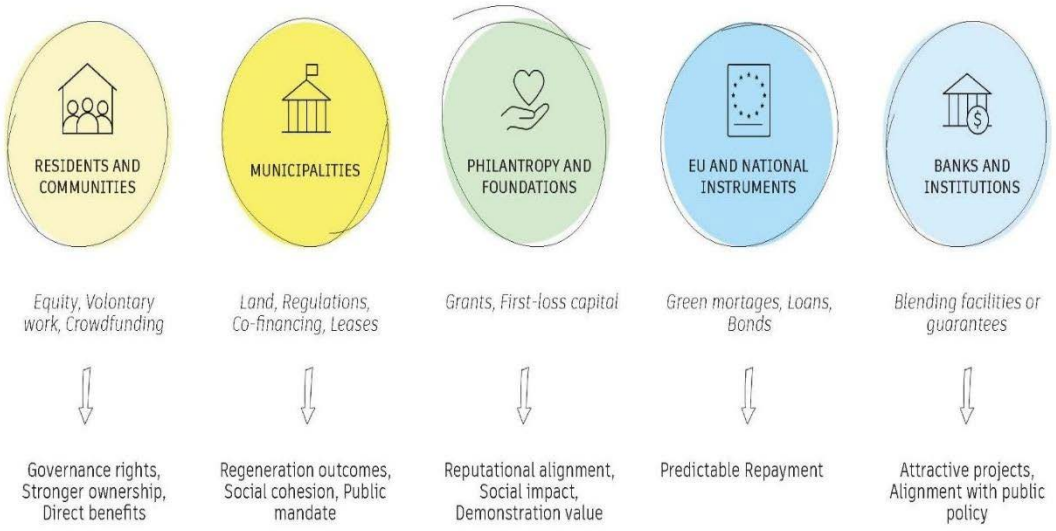
Funder Type	Compensation/Recognition Expected
Residents/community	Governance rights, shared savings, sense of ownership, and recognition of needs
Municipalities	Regeneration outcomes, visibility, and delivery of public mandate
Banks/institutional	Repayment with interest, predictable returns, and predictable risk
Insurers/ institutional investors	Stable long-term risk-adjusted returns; access to sustainable asset classes; and reputational alignment with resilience and climate adaptation goals
Philanthropy/ foundations	Visibility, reputational alignment, within purpose, demonstration of impact, and sometimes symbolic recognition (plaques, awards)
Corporates	Corporate social responsibility (CSR) and environmental, social, and governance (ESG) visibility, innovation spillovers, access to community markets, and employee engagement
Non-governmental organisations (NGOs)/ civic partners	Influence on design, visibility, and strengthened mission outcomes
Beneficiaries/public	Influence on design, equity share, discounted rents, other benefits, and sense of ownership

Source: Own elaboration by Francesca Bria, Marine Cornelis, Matthew Kennedy, Réka Matheidesz, Aksel Mjøs, Cornelia Redeker, and Mette Skjold.

2.1.7. Ownership and Stewardship

Another transversal element is ownership: **who owns the land, the buildings, and the reuse of materials?** In cooperative or community-owned models, stewardship is embedded in governance. In developer-led projects, ownership may shift depending on financing arrangements and over time. The NEB should promote models where stewardship, the capacity to ensure that projects remain faithful to their values over time, is not lost in financial complexity (Figure 1).

Figure 1. An Overview of Actors, Contributions, Disbursements, and Returns in Community Financing



Source: Own elaboration by Francesca Bria, Marine Cornelis, Matthew Kennedy, Réka Matheidesz, Aksel Mjøs, Cornelia Redeker, and Mette Skjold.

2.2. An Indicative Mapping of Funding Options

Successful implementation of the NEB priorities depends on robust financial support. The experts were hence asked to assess what forms of backing might be available and which projects across the priority areas are particularly likely to attract substantial support, whether from private, national, European, or other sources, such as foundations. To enable that assessment, this section identifies and categorises a diverse range of potential funding streams across the private, public/national, and EU levels. The material is deliberately illustrative. From our mapping exercise, a clear message meanwhile emerges: diverse financial resources exist across all levels—and while recent geopolitical and economic developments have created a more constrained and uncertain environment, the key challenge lies not in the absence of funding opportunities, but in developing the capacity to strategically combine available instruments to support the roll-out and mainstreaming of the NEB vision most effectively.

2.2.1. Funding Solutions for Specific Objective 1: Transforming Places with Communities

2.2.1.1. Funding Sources to Support the Roll-Out Priority Area: 1. Implement Beautiful, Sustainable, and Affordable Housing

- **Private funding.** Capital can be attracted through loans for social housing from financial institutions, specialised impact investment funds, green bonds, and Social Impact Bonds, where returns are linked to social outcomes. Long-term "patient capital" from pension funds, corporate sponsorships driven by environmental, social, and governance (ESG) commitments, philanthropic grants, and civic crowdfunding platforms are also key sources. Contributions are also generated internally from housing provider reserves, rental income, and the "sweat equity" of residents in self-build schemes. In addition, using planning tools/mechanisms like mandatory social housing quotas as a condition for permission, land value capture, density or height bonuses, and cross-subsidised mixed-tenure. These schemes can help ensure private investment helps finance affordable homes. Although unusual, the provision of private land on a freehold or long-term lease at a discounted rental can also be an invaluable support to innovative projects.
- **Public (national) funding.** National governments can provide direct capital through dedicated social housing and cost-rental housing finance, green housing funds, sovereign bonds, and direct grants. A crucial source of support is the strategic use of public land as a subsidy, along with the implementation of land value capture policies. Market behaviour can be further steered through fiscal tools, including tax incentives and targeted subsidies for rental payments or loan repayments.
- **EU funding.** Investment can be sourced from a range of EU programmes. Cohesion Policy funds (European Regional Development Fund, ERDF; Interreg) support large-scale regeneration, while thematic programmes such as LIFE and the European Social Fund Plus (ESF+) fund innovation and social components. The InvestEU programme and the European Investment Bank (EIB) provide guarantees and loans to de-risk private investment, as well as dedicated urban programmes such as the European Urban Initiative (EUI), Interreg, LEADER Programmes, and the European Affordable Housing Consortium: Sustainable Housing for Social Impact (SHAPE-EU) initiative, which support demonstration projects and knowledge exchange. The EU is currently exploring ways to fund social and affordable housing in Member States directly, and this approach should be supported within the principles of the NEB, while avoiding support for traditional mass housing projects.

2.2.1.2. Funding Sources to Support the Roll-Out Priority Area: 2. Deploy Regenerative Strategies for Green and Public Spaces

- **Private funding.** This can be secured through structured Public-Private-Philanthropic Partnerships for long-term management, direct corporate sponsorship driven by ESG goals, and grants from philanthropic foundations. Grassroots financing can be mobilised via crowdfunding platforms. Private loans are already being made to NEB-type projects by private banks and funding agencies, and this should be supported, possibly by establishing public financial guarantee funds for smaller housing bodies. At the same time, projects can develop self-generated revenue through the sale of products (e.g., from urban farms) or carbon credits, supplemented by in-kind support from volunteers and local businesses. Moreover, planning obligations could require private developers to deliver or fund new green and public spaces, complemented by instruments such as land-value capture levies or green/environmental impact bonds.
- **Public (national) funding.** National governments can establish dedicated funds for community-led initiatives in green spaces, climate action, and biodiversity enhancement. Targeted grants are often available for specific outcomes, such as afforestation, alongside innovative mechanisms such as Payment for Ecosystem Services (PES) schemes. Regional and city governments also provide their funding streams and incentives for local pilot projects.
- **EU funding.** Significant capital investment can be sourced from the European Regional Development Fund (ERDF) and the European Urban Initiative (EUI). Thematic programmes are crucial, with the LIFE Programme supporting nature and climate projects, and the European Social Fund Plus (ESF+) funding the social and training dimensions. Moreover, Interreg and LEADER will fund smaller pilot projects. Practical support is also available through the European Solidarity Corps for volunteers and Erasmus+ for educational initiatives.

2.2.1.3. Funding Sources to Support the Roll-Out Priority Area: 3. Implement Stronger Mechanisms for Local Democracy and Neighbourhood Services

- **Private funding.** This can be sourced from philanthropic foundations and social finance instruments such as Social Impact Bonds. Corporate and business investment can provide sponsorship and pro bono support, e.g., as part of corporate social responsibility (CSR) schemes, particularly from tech companies, for the development of new digital tools. Major European foundations, such as the Volkswagen Foundation and the Robert Bosch Stiftung, regularly fund projects promoting democratic innovation and civic engagement. Community-based finance includes loans from credit unions, crowdfunding, voluntary labour, and revenue from community-owned assets.
- **Public (national) funding.** National governments can set up dedicated funds to enhance civic capacity and social cohesion. Funding can also be drawn from central or local government thematic budgets for public participation, social inclusion, job creation, and arts and culture. A key tool is the provision of direct

grants and start-up funding to support citizen-led projects and the growth of housing cooperatives.

- **EU funding.** Several EU programmes support local democracy, including the European Urban Initiative (EUI) and URBACT, which fund pilot projects and peer learning on innovative governance. The Creative Europe and Digital Europe programmes can fund cultural and civic technology aspects, while Erasmus+ and the European Solidarity Corps are key for citizens to finance training and mobilisation. Interreg Europe supports democratic policy demonstrators.

2.2.1.4. Funding Sources to Support the Roll-Out Priority Area: 4. Support Culture and Creation as Languages of Change

- **Private funding.** This includes specialised investment funds for the creative industries and the issuing of "Cultural Bonds" to finance new institutions. It is complemented by corporate sponsorships, grants from major philanthropic foundations, and grassroots funding through crowdfunding platforms and direct community contributions.
- **Public (national) funding.** The primary source is dedicated national funding bodies such as the arts and heritage councils. This is supported by regulatory mechanisms, such as "Per cent for Art" schemes that mandate cultural investment in construction projects, and by fiscal incentives, including tax reductions for cultural donations/investments. Funds set aside for climate action or biodiversity are sometimes used to support the use of cultural tools to promote their messages.
- **EU funding.** The flagship Creative Europe programme is a primary source for cross-border collaboration and audience development. For large-scale infrastructure and heritage revitalisation, the European Regional Development Fund (ERDF) is key. Additional support for skills, innovation, and social inclusion can be accessed through Erasmus+, the EIT Culture & Creativity KIC, and the European Social Fund Plus (ESF+). Additionally, the NEB Awards have funded excellent examples of the positive use of cultural tools to achieve their objectives.

2.2.2. Funding Solutions for Specific Objective 2: Supporting Innovation

2.2.2.1. Funding Sources to Support the Roll-Out Priority Area: 1. Embrace a New Construction Culture

- **Private funding.** This includes venture capital for new-construction technologies (ConTech), ESG-linked bonds, "patient capital" funds for long-term projects, and direct research and development (R&D) investment from the construction industry. Support for new enterprises can also be sourced from accelerator programmes and philanthropic grants focused on environmental innovation.
- **Public (national) funding.** National governments can stimulate innovation through direct R&D funding and specific tax breaks for companies investing in green technologies. Direct project funding can be accessed through national

climate action funds, environmental R&D funds, and general development grants. At the same time, fiscal incentives such as tax credits can encourage the adoption of sustainable practices, while regional and city-level programmes are also in place in many Member States.

- **EU funding.** Furthermore, several EU programmes are relevant. The LIFE Programme can fund projects that test and de-risk new climate-friendly materials, while Horizon Europe funds cutting-edge research. The European Regional Development Fund (ERDF) can co-finance regional innovation hubs, and Erasmus+ and the European Social Fund Plus (ESF+) are key sources of funding for developing the necessary skills to ensure a just transition for the workforce. The NEB Awards have also provided funding for materials development.

2.2.2.2. Funding Sources to Support the Roll-Out Priority Area: 2. Support Innovative Materials and Products

- **Private funding.** This includes high-risk venture capital for early-stage R&D and private equity for scaling up production capacity. It is complemented by direct R&D investment from established construction companies and mission-driven grants from philanthropic foundations focused on environmental innovation.
- **Public (national) funding.** National governments can stimulate innovation through direct public R&D grants to universities and companies, specific R&D tax breaks, and support for university Technology Transfer Offices. Innovation Vouchers or other grants may be made to product developers. To drive adoption, policy can leverage direct grants from climate action funds or offer tax rebates for the use of specified sustainable materials. At the same time, regional and city-level programmes also exist in many Member States.
- **EU funding.** The EU supports innovation pipelines from research to market. Horizon Europe funds basic research, while EIT KICs help launch and scale new companies. The LIFE Programme is key to funding pilot projects to evaluate and de-risk new materials. At the same time, the European Regional Development Fund (ERDF) can co-finance the construction of new factories for their production.

2.2.2.3. Funding Sources to Support the Roll-Out Priority Area: 3. Deploy Circular Economy

- **Private funding.** This includes capital from dedicated Circular Economy Investment Funds and Public-Private Partnerships (PPPs) to finance essential infrastructure such as reprocessing facilities. It is complemented by corporate R&D investment, revenue from the sale of reclaimed materials and carbon credits, as well as grants from philanthropic foundations focused on environmental innovation.
- **Public (national) funding.** National governments can provide direct grants and loans for circular businesses and infrastructure, particularly from national

environmental and climate action funds. Local or regional authorities may support these initiatives from their waste management budgets. R&D can be supported through direct funding and tax breaks, while fiscal policies that penalise waste and incentivise repair create a favourable market context.

- **EU funding.** Cohesion Policy funds such as the European Regional Development Fund (ERDF) and the Just Transition Fund (JTF) are key for co-financing regional circular infrastructure. Thematic programmes, such as the LIFE Programme and the Digital Europe Programme, can fund the piloting of new business models and the creation of essential data infrastructure. Meanwhile, the European Urban Initiative (EUI) supports innovative city-level projects. The Interreg regional programme can support circular economy initiatives, and the LEADER Programme can support relevant rural initiatives.

2.2.3. Funding Solutions for Specific Objective 3: Enabling Change

2.2.3.1. Funding Sources to Support the Roll-Out Priority Area: 1. Boost Skills for Sustainable Construction

- **Private funding.** This can be sourced through industry-wide training levies, where companies contribute to a collective fund for worker training and development, as well as existing or to-be-developed corporate skills pacts (e.g., the EU Pact for Skills construction partnership). It also includes direct sponsorship of apprenticeships by building contractors, grants from philanthropic and educational trusts, and fees paid by trainees for academic or vocational courses. Philanthropic training companies such as GENERATION raise funds and develop and deliver positive training programmes worldwide.
- **Public (national) funding.** A foundational source is the direct public funding distributed to the core budgets of national vocational training systems, technical colleges, and universities. This is complemented by targeted subsidies for small and medium enterprises (SMEs) to cover employee training costs and direct grants to students, making courses more affordable. Funding can also be drawn from national climate action or urban regeneration programmes.
- **EU funding.** The European Social Fund Plus (ESF+) and the Just Transition Fund (JTF) are primary instruments for funding large-scale national and regional training programmes. The Erasmus+ programme, in general, plays a key role in financing the development of new curricula and supporting the mobility of trainees and educators. At the same time, the Erasmus+ Centres of Vocational Excellence (CoVE) are most immediately relevant to the field of vocational education and training, as well as the world of work. In addition, the InvestEU Social Investment & Skills Window also plays a potentially significant role by providing EU-backed guarantees and loans to finance skills development, training infrastructure, and social innovation.

2.2.3.2. Funding Sources to Support the Roll-Out Priority Area: 2. Implement Innovative Funding and Business Models

- **Private funding.** This includes capital from dedicated impact investment funds and issuing "sustainability bonds." Financial institutions can offer specialised "green mortgages," while grassroots financing can be sourced from civic crowdfunding platforms. Capital is also leveraged from beneficiary equity contributions, "sweat equity," and philanthropic grants.
- **Public (national) funding.** A primary tool is the establishment of state-backed National Green Investment Banks to provide low-cost financing and public guarantees to de-risk private investment. Governments can also utilise land as a form of subsidy, implement land value capture policies, and provide targeted grants, subsidies, and tax incentives for start-ups and cooperatives.
- **EU funding.** The InvestEU programme is the primary instrument for mobilising private capital through public guarantees. The European Regional Development Fund (ERDF) and the European Urban Initiative (EUI) can co-finance major projects and innovative pilots. The LIFE Programme can assess new financing models, while the EIT KICs and other SME funds can support the scaling of new sustainable companies.

2.2.3.3. Funding Sources to Support the Roll-Out Priority Area: 3. Implement Digital Tools, Including Through Technical Assistance for Local Governments

- **Private funding.** This includes "Civic Tech" venture capital that invests in new digital tools for cities, as well as investment from established technology companies and utilities. For large-scale infrastructure such as data platforms, Public-Private Partnerships (PPPs) can be formed. At the same time, mission-driven funding can be secured from philanthropic foundations that support digital inclusion, such as the King Baudouin Foundation (Belgium), the Calouste Gulbenkian Foundation (Portugal), the Fondazione Cassa di Risparmio di Torino (CRT) (Italy), the Stavros Niarchos Foundation (Greece), the Robert Bosch Foundation (Germany), as well as Pan-European networks such as Philea (Philanthropy Europe Association).
- **Public (national) funding.** National governments can establish dedicated "Digital Transition Funds" to provide grants to cities and create National Competence Centres for expert advice. Funding can also be sourced from thematic budgets, such as those for climate action or smart city infrastructure, as well as from university research budgets for the experimental development of new tools and technologies.
- **EU funding.** The Digital Europe Programme is the primary instrument for funding technical assistance, pilot projects, and the European Digital Innovation Hubs network. The European Regional Development Fund (ERDF) can co-finance smart city solutions, while Horizon Europe funds innovative research. Erasmus+ and the European Social Fund Plus (ESF+) can support skills development. In contrast, technical assistance can be supported through European Local ENergy Assistance (ELENA) grants, the Connecting Europe Facility (CEF), the Strategic

Technologies for Europe Platform (STEP), and Recovery and Resilience Facility (RRF) allocations, potentially providing additional funding opportunities.

2.2.3.4. Funding Sources to Support the Roll-Out Priority Area: 4. Deploy Capacity-Building for NEB Solutions

- **Private funding.** This can be sourced from philanthropic foundations with an interest in leadership and civic innovation, as well as from corporate sponsorships as part of CSR or ESG strategies. For initiatives structured as enterprises, venture capital and business loans are relevant, while professional associations can fund their own accredited training programmes. Moreover, social impact or blended-finance funds (potentially backed by the European Investment Bank) can help generate capital to support capacity-building, particularly when linked to inclusive/green innovation agendas.
- **Public (national) funding.** This includes direct grants from national funds for culture, climate action, and SME start-ups. Local authorities can provide crucial in-kind support (e.g., premises, staff time) and direct grants. Governments can also offer tax breaks to companies that fund employee training in green skills.
- **EU funding.** Cohesion Policy programmes (ERDF, Interreg, URBACT, EUI) are key for funding city-to-city learning and regional capacity-building. Erasmus+ is the flagship for developing new training programmes and curricula, while the European Solidarity Corps can trace and place skilled young professionals in relevant organisations. The InvestEU Social Investment & Skills Window offers EU-backed guarantees and loans to finance training infrastructure and social innovation. At the same time, the Technical Support Instrument (TSI) can also provide direct expertise to Member States.

2.3. Synthesis of Funding Solutions

Taken together, the financial structuring of NEB projects points to a hybrid ecosystem where funding is not a single transaction but a layered partnership:

- **Layering diverse capital** by combining private investment, public guarantees, and philanthropic grants to match different risk profiles.
- **De-risking innovation** through EU instruments (e.g., InvestEU and EIB) and national promotional banks to unlock commercial lending.
- **Empowering communities** via crowdfunding, cooperative equity, and “sweat equity” to build local ownership and legitimacy.
- **Leveraging assets** by using public land, long-term leases, and circular material values as in-kind equity.
- **Aligning incentives** through sustainability-linked bonds, social impact metrics, and governance rights for residents.
- **Adapting to lifecycle stages**, utilising grants for inception, and shifting to project finance as tangible outputs emerge.

3. Barriers and Lessons from the First Generation of NEB Projects

3.1. Systemic and Structural Impediments

The first wave of NEB projects revealed creativity and ambition, but also the many obstacles that may limit initiatives from reaching maturity or scale. Understanding these barriers and how they have been overcome is essential to designing the right interventions at the EU level.

3.1.1. Lack of Clarity and Shared Standards

A recurring challenge was uncertainty about **what qualifies as a NEB project**. For applicants, this may have created hesitation in preparing proposals. For investors, the lack of standard benchmarks may have reduced confidence. Without standardised legal and financial templates, each project had to design its own contractual and governance arrangements, which may have increased transaction costs and slowed replication.

Case study of overcoming this obstacle

Energiesprong and the Investor Confidence Project Europe addressed this challenge by introducing **clear, replicable standards** that restore investor confidence in housing retrofits. In the Netherlands and the UK, Energiesprong's **performance-based model** replaced fragmented rules with **output-based specifications** and **30–40-year guarantees** on energy and comfort, financed through predictable energy service plans. London's Energy Leap programme built on this with **standardised contracts, transparent procurement, and shared monitoring**, reducing transaction costs and uncertainty. The Investor Confidence Project Europe reinforced this through its **Investor Ready Energy Efficiency™ certification**, which standardises documentation and verification.

Lesson learned

Shared definitions, blueprints, and templates could reduce ambiguity and support scaling.

3.1.2. Affordability versus Quality

Projects often faced the tension between keeping costs affordable and achieving "best in class" solutions. Innovative materials, circular design, or energy-efficient systems may have raised upfront costs compared to conventional approaches. For social housing or projects serving vulnerable groups, this could be especially challenging.

Case study of overcoming this obstacle

The French national federation for social housing, *Union sociale pour l'habitat* (USH), maintains a national catalogue that reviews and benchmarks products and services available to social housing providers. The catalogue assesses quality, performance, and

price, among other criteria, and includes pre-agreed arrangements with suppliers and service providers. This approach streamlines procurement and makes it easier for housing providers to access reliable, cost-effective solutions.

Lesson learned

Public subsidies and philanthropic support may help bridge this gap, ensuring affordability without compromising long-term quality.

3.1.3. Funding Rigidity and Misalignment

Financiers often prefer projects with tangible outputs and predictable returns. For NEB initiatives, which evolve iteratively and rely on co-design, this may have created the familiar **"chicken and egg" problem**: funders waiting for results before committing. At the same time, projects struggled to move forward without early-stage capital.

Case study of overcoming this obstacle

The Lyon Confluence Eco-District is an urban regeneration project that transformed a former industrial port into a sustainable, mixed-use area integrating energy-efficient buildings, green infrastructure, and vibrant public spaces. The Caisse des Dépôts et Consignations (CDC), through its Banque des Territoires, played a central role by providing long-term financing and participating in project governance, which significantly reduced financial, operational, and technical risks. This public backing instilled investor confidence and enabled large-scale private investment across residential, commercial, and public components.

Lesson learned

De-risking tools, guarantees, and phased funding mechanisms may help align funder expectations with project needs.

3.1.4. Regulatory and Market Barriers

The philosophy of building regulation in many Member States has long favoured virgin materials, larger safety margins, and progressively demanding standards. While often justified by safety or quality concerns, these approaches may have made it more challenging to adopt circular or adaptive solutions. In addition, suppliers and regulators may sometimes have incentives that favour more costly norms.

Case study of overcoming this obstacle

France's density bonus is a regulatory tool introduced in 2005 to overcome market and planning barriers by encouraging sustainable urban development. It allows municipalities to grant up to 20% additional building rights to projects that meet energy-efficiency or sustainability criteria. By linking increased density to environmental performance, the measure aligns market incentives with public policy goals and supports land-use optimisation in already urbanised areas. This flexible mechanism helps municipalities balance housing needs, affordability, and climate objectives while reducing regulatory uncertainty for developers and fostering investment in sustainable construction.

Lesson learned

Adjusting regulatory frameworks could create space for experimentation to realise NEB-values while maintaining safety.

3.1.5. Landscape and Ecological Conditions

Beyond building materials and technical standards, some projects may also have faced barriers linked to **landscape conditions and ecological perspectives**. The integration of nature-based solutions and ecosystem services was not always systematically considered at the earliest stages. Where design teams prioritised engineering or architectural solutions, opportunities to restore biodiversity, manage water, or enhance climate resilience through natural systems may have been missed.

Case study of overcoming this obstacle

Tools such as Munich Re's Location Risk Intelligence Tool and Sweden's ESTER 2.0 illustrate how digital platforms are advancing the integration of landscape and ecological conditions into planning and investment decisions. Munich Re's tool enables organisations to assess physical climate risks and natural hazards across locations and portfolios, informing ESG compliance and risk management. In parallel, ESTER 2.0 helps Swedish municipalities map and evaluate ecosystem services to embed biodiversity and natural capital into spatial planning. Together, they show how technology and data can link ecological value with financial and planning frameworks, supporting more resilient, climate-aware, and sustainable territorial development.

Lesson learned

Embedding ecological thinking from the outset can create multiple co-benefits, from improved microclimates to reduced long-term maintenance costs, and stronger connections between communities and their environment. Planning tools that integrate risk assessment and ecosystem services, alongside design and finance, may therefore strengthen both the performance and legitimacy of NEB projects.

3.2. Implementation and Organisational Challenges

3.2.1. Municipal Capacity Gaps

Municipalities play a decisive role in almost every NEB initiative, from allocating land to engaging residents. Yet many local administrations may have been understaffed or lacked the technical expertise to handle complex design, financing, or procurement tasks. In some places, competing local interests may have further complicated decision-making.

Case study of overcoming this obstacle

The 2022 call for NEB Local Initiatives saw many small municipalities struggle to turn ambitious ideas into actionable projects due to limited internal capacity and uncertainty about how to align with NEB's broad vision. In response, the NEB programme provided tailored technical assistance to 20 selected municipalities through a "Boost for Small Municipalities" initiative.

Lesson learned

Strengthening municipal capacity through training and technical assistance is as important as financial support.

3.2.2. Limited Transparency and Replicability

In several cases, project financing structures were not publicly available or were only described in local languages. This may have made it difficult for other communities to learn from them and adapt successful models.

Case study of overcoming this obstacle

Grand Genève (Switzerland-France) is a cross-border agglomeration around Geneva involving coordinated urban planning across two countries with different legislative systems. The Local Association for Cross-Border Cooperation (GLCT) was created, involving politicians and civil society to develop pragmatic urban, mobility, and environmental projects such as cross-border buses, priority lanes, and nature projects near rivers through participatory roundtables.

Lesson learned

More open sharing of financial and governance details would support replication.

3.2.3. Skills and Competence Gaps

Innovative NEB projects often require interdisciplinary expertise: architects, landscape architects, planners and engineers working alongside social workers, community organisers, and financial specialists. Some projects may have stalled because such skill combinations were unavailable or insufficiently integrated.

Case study of overcoming this obstacle

The collaborative urban park project in Katowice, Poland, is a notable example of the transdisciplinary and interdisciplinary implementation of nature-based solutions (NBS) for just urban transformations. In this case, urban planners and academics worked closely with neighbourhood groups and women's associations to rethink a local urban park as a community space that went beyond market-driven uses.

Lesson learned

Supporting interdisciplinary networks could help address this gap.

3.2.4. Participation and Legitimacy

While participation is a core NEB value, in some cases, it has been reduced to one-off consultations with little influence on outcomes. This could have limited trust and ownership among communities.

Case study of overcoming this obstacle

Barcelona's 2018–2030 Climate Plan embeds participation and legitimacy at the heart of its governance model. Co-produced with over a thousand organisations, it fosters

shared responsibility among citizens, associations, businesses, and authorities. The Citizen Climate Assembly, composed of randomly selected residents, ensures diverse representation and informed public deliberation on climate policies. Complemented by direct support for citizen-led initiatives, such as community energy and mobility projects, the plan builds co-ownership of climate action.

Lesson learned

More structured approaches, such as citizens' assemblies or ongoing co-design workshops, may help embed participation more effectively and allow for adjustments over time.

3.2.5. Physical Visibility and Value

Some projects may have struggled to demonstrate tangible change early. Without visible improvements, such as new green spaces, refurbished buildings, or community hubs, it can be harder to maintain enthusiasm and attract follow-up funding.

Case study of overcoming this obstacle

The Lisbon Bikeway between Belém and Cais do Sodré exemplifies how physical visibility can enhance the perceived and social value of sustainable infrastructure. Running along the scenic Tagus River, the well-designed 7.4–10 km path integrates landscape architecture, signage, and cultural landmarks, turning mobility infrastructure into a visible urban asset. Its integration into public space has made cycling both a practical and aesthetic experience, strengthening Lisbon's identity as a sustainable, people-centred city. This visibility attracted further investment, including international recognition and funding through the Bloomberg Initiative for Cycling Infrastructure, reinforcing the link between design quality, citizen use, and long-term value creation accompanying the transformation of Lisbon's riverfront.

Lesson learned

Early, visible results help build trust and momentum.

3.2.6. Project Fragility and Opposing Forces

Not all NEB projects progressed as hoped. Some may have been affected by purely financially motivated investors, high financing thresholds, or limited agency capacity. Others may have struggled with political resistance or simply lacked a committed champion.

Case study of overcoming this obstacle

Holzmarkt in Berlin exemplifies both the creativity and the fragility of community-led urban projects under intense market pressure. Emerging from the countercultural Bar 25 movement, it transformed an abandoned riverside site into a cooperative hub blending culture, ecology, and social inclusion. Yet its survival has been repeatedly threatened by real estate speculation and conflicts over land use, highlighting tensions between grassroots urban regeneration and commercial development interests. Despite its success in fostering local identity and public access, Holzmarkt's precarious

balance between community values and economic viability exposes the vulnerability of bottom-up projects operating within competitive urban markets.

Lesson learned

Analysing projects that did not succeed is as valuable as studying successful cases. Understanding at which stage difficulties arose can inform more supportive policies and crisis responses.

3.3. Synthesis of Lessons

- **Champions matter.** Projects were most resilient where a committed steward carried the vision.
- **Bridging finance is critical.** Many projects struggled between pilot and scale-up phases.
- **Temporary use is catalytic.** Reusing underutilised land or buildings proved a practical entry point.
- **Governance structures enable resilience.** Cooperative models supported inclusion, while municipal partnerships allowed scaling.
- **Transparency supports replication.** Sharing financial and governance details openly may accelerate learning across Europe.
- **Ecological integration enhances resilience.** Projects that incorporated nature-based solutions and ecosystem services strengthened their long-term value by improving microclimates, supporting biodiversity, and preparing communities for climate adaptation.

4. Policy Tools and Enablers

4.1. Delivery Mechanisms and Incentives for NEB Roll-Out and Mainstreaming

Building on the rationales and evidence presented so far, this section outlines an aspirational toolbox of policy interventions, regulatory adjustments, and incentive mechanisms to improve the environment for NEB-aligned practice in more general terms. This part recognises that roll-out should be concerned not just with supporting specific projects but, crucially, with addressing the status quo of policy and regulatory environments that either enable or constrain NEB-aligned practice more generally. The focus, therefore, rests on developing mechanisms that address systemic barriers and foster enabling conditions for the widespread adoption of NEB values and objectives, extending beyond highlighted projects to a broader range of aligned initiatives and concerns.

4.1.1. Policy Tools to Support Specific Objective 1: Transforming Places with Communities

4.1.1.1. Policy Tools to Support the Roll-Out Priority Area: 1. Implement Beautiful, Sustainable, and Affordable Housing

- **Establish a European legal framework for limited-profit and not-for-profit housing.** A key policy tool is the creation of a high-level legal and financial framework to foster the non-speculative housing sector (e.g., Austria's limited-profit housing association (LPHA) system or Approved Housing Bodies (AHB) status and funding in Ireland). This would establish a clear status for Approved Not-for-Profit and "Limited-Profit Housing" providers, unlocking access to preferential financing.
- **Utilise fiscal policy and revised standards to guide the market.** Governments can deploy a combination of fiscal incentives and updated standards to guide market behaviour. This includes offering substantial tax relief for social and affordable housing for those who cannot afford market rents or purchase, as well as eco-friendly renovations and retrofits, and the development of new buildings. It also involves creating a new generation of sustainability certifications that holistically incorporate aesthetic quality and social value. Many of these are described in a publication by Housing Europe, the EU federation of social housing providers.
- **Fund "lighthouse pilot projects" and integrated support services.** Policy should be directed at funding pilot and demonstration projects at an appropriate scale that showcase holistic eco-design, combining ambitious energy retrofits with social innovation and anti-displacement safeguards. To ensure these successes are replicable, this may be paired with integrated support services ("one-stop shops" or similar services) that offer coordinated advice and support to municipalities and housing providers.

- **Earmark dedicated funds for participatory budgeting and co-design.** To empower residents as active agents, policy must include dedicated funds to support participatory design and budgeting in new building and renovation projects. This tool gives residents direct control over a portion of the investment, ensuring that at least some (if not all) construction and regeneration outcomes reflect local priorities and are driven by the community.
- **Invest in and disseminate an open knowledge base.** Policy must support the creation of a robust evidence base through funded research into thriving, long-lasting neighbourhoods or developments. The resulting knowledge should be codified into practical design guidelines and made widely accessible through open-source repositories of adaptable building plans and digital tools.
- **Promote mechanisms that enable beneficiaries to contribute their labour to projects.** Many grassroots social and affordable housing projects have utilised the labour input of future residents to reduce building costs and achieve higher standards. Examples of models used for this purpose (mainly in the UK) include "shared ownership self-build," in which the repayment for self-build effort is a commercial share of the property's value. This will materialise if the resident decides to buy the building, in which case the labour value is deducted from the market value. One example is the Island of Dogs Self Build Project in London, United Kingdom. Another model is the issuance of a Cash Share equal to the building's value, based on the labour input. This Share may be cashed in if the self-builder decides to leave the property. In both cases, rents are paid by the self-builder but are also discounted in proportion to the labour input. A good example of this is the Hedgehog Self Build in Brighton, United Kingdom, which was extensively covered on the architecture TV Programme Grand Designs.

4.1.1.2. Policy Tools to Support the Roll-Out Priority Area: 2. Deploy Regenerative Strategies for Green and Public Spaces

- **Fund data-driven risk and needs assessments.** A foundational policy tool is funding analytical mapping and monitoring systems to identify neighbourhoods and climate-stricken areas most in need of regenerative action, enabling public authorities and community agencies to prioritise interventions based on clear evidence.
- **Mandate participatory co-design for public space projects.** To ensure that green spaces meet local needs and foster community ownership, a key policy tool is to legally mandate the use of participatory co-design methods and structured community engagement formats for all public space projects, thereby embedding democratic practices into the planning process. This should, of course, take place while fully accounting for the accountability issues it may generate.
- **Provide direct grants for high-impact greening initiatives.** Policy should include the use of direct grant funding to stimulate the creation of high-impact green infrastructure, supporting a wide range of projects from the planting of urban forests to the ecological renaturation of urban rivers.

- **Establish a certification scheme for high-quality public spaces.** To incentivise excellence, a "Green Public Space" certification could be introduced as a policy tool to reward municipalities and other land management entities for creating and managing high-quality spaces, based on clear metrics including biodiversity, accessibility, and climate resilience.
- **Pilot circular material hubs in publicly owned spaces.** An innovative policy tool is to use publicly owned land to establish neighbourhood-scale circular-economy hubs. These hubs would collect, store, process, and distribute local end-of-waste materials into new products for public and private use, while also serving as educational and demonstration sites that build public awareness and skills in sustainable resource management, and enable cities to bypass market barriers and develop institutional expertise.
- **Develop and standardise new performance metrics.** Given that urban environmental metrics are still in their early stages, policies must support the development of reliable methods to measure urban climate conditions and ecosystem services, such as energy efficiency, carbon capture, stormwater management, and net gains in biodiversity, enabling clear target-setting and the evaluation of regenerative projects.

4.1.1.3. Policy Tools to Support the Roll-Out Priority Area: 3. Implement Stronger Mechanisms for Local Democracy and Neighbourhood Services

- **Establish permanent local agencies for co-managing public assets.** A key policy innovation is to foster permanent and hybrid local agencies dedicated to the stewardship of public assets. These council-backed or community-run bodies would move beyond ad-hoc projects, creating inventories of underused spaces and managing teams of artists and residents for ongoing placemaking.
- **Provide dedicated organisational support for the cooperative and not-for-profit sector.** A crucial policy tool is to provide structural support for the cooperative and not-for-profit organisation movement. This involves funding and legally recognising "secondary" or umbrella co-ops or associations, which are support organisations that offer technical, financial, and legal assistance to new and existing community-owned housing and neighbourhood projects.
- **Develop and disseminate an open source "civic co-creation toolkit."** To lower the barriers to participation, policy should support the development and free distribution of a standardised toolkit of digital resources. This should provide municipalities and citizen groups with open-source software for online deliberation, participatory design, and project management.
- **Create dedicated engagement structures for underrepresented groups.** To ensure that democratic mechanisms are truly inclusive, policy should support the creation of dedicated structures for groups that are often excluded from conventional civic life. The establishment of formal Youth Parliaments is a prime example, providing a permanent platform for younger generations to deliberate on policy. The Public Participation Networks (PPNs) in Ireland give all community groups a representative voice in local authority policymaking. At the same time,

Barcelona's Municipal Immigration Council (CMIB) provides a structured mechanism for immigrant communities to participate in local policymaking and urban development decisions.

4.1.1.4. Policy Tools to Support the Roll-Out Priority Area: 4. Support Culture and Creation as Languages of Change

- **Develop policies to incentivise the adaptive reuse of heritage sites.** To enable culture-led regeneration, policy should actively encourage the reuse of historic buildings and sites through a combination of financial incentives, flexible planning regulations, and technical support that facilitate their transformation into cultural hubs.
- **Implement dedicated grant schemes with participatory selection.** To support the integration of artistic production in the understanding, dissemination, and (eventually) resolution of urban ecological issues, it is crucial to create targeted funding streams for creative professionals working on community-focused projects. The selection process for these grants should be participatory, involving community representatives to ensure relevance and democratic legitimacy.
- **Establish formal labels, awards, and festivals to celebrate community placemaking.** To raise visibility and set standards of excellence, policy should support the creation of a recognised "culture-led regeneration" label for cities, alongside dedicated awards and festivals that celebrate exemplary projects and help them gain further support.
- **Fund training programmes in traditional crafts and vernacular skills.** To preserve and revitalise intangible cultural heritage, a vital policy tool is the funding of training programmes and apprenticeships dedicated to traditional arts, crafts, and vernacular building techniques, ensuring these skills are passed on to a new generation.
- **Connect NEB neighbourhoods to Europe's cultural laboratory ecosystem.** Policy should actively link neighbourhood regeneration and city transformation projects to Europe's existing infrastructure of cultural laboratories, festivals, and creative research spaces. This includes: establishing formal partnerships between NEB demonstration neighbourhoods and art-science-technology institutions; creating exchange programmes that bring artists, designers, and researchers from these laboratories into neighbourhood development processes; and supporting the documentation and dissemination of methods developed in cultural laboratories that apply to neighbourhood transformation—from participatory design techniques to speculative futures exercises to citizen science approaches.
- **Support culture-led and arts-driven experimentation with sustainable living.** A key policy tool is to fund cultural projects that prototype and test new models of sustainable neighbourhood life. This includes: artist-led explorations of circular economy in domestic settings; design experiments with shared spaces and community facilities; creative engagement with bio-based and recycled

materials and renewable energy; green and sustainable AI development and diffusion, and cultural programming that helps residents imagine and embrace post-carbon lifestyles. Such projects should be positioned as neighbourhood-scale R&D for the green transition, with findings systematically captured and shared.

4.1.2. Policy Tools to Support Specific Objective 2: Supporting Innovation

4.1.2.1. Policy Tools to Support the Roll-Out Priority Area: 1. Embrace a New Construction Culture

- **Reform public procurement and building regulations.** A primary policy tool is the systematic reform of the key regulatory levers that shape the market. This includes revising Green Public Procurement rules to prioritise life-cycle value over initial cost, updating building regulations to mandate the use of sustainable materials and restrict embedded carbon, and stopping the definition of reused construction materials as waste.
- **Establish "policy sandboxes" for regulatory innovation.** To accelerate the adoption of new technologies and methods, policy should support the creation of "policy sandboxes." These should be structured as controlled regulatory environments that enable real-world testing of innovative materials, services, and processes, providing a safe space to experiment outside established legal frameworks.
- **Implement public support programmes for homeowners and residents.** To engage end-users directly, a key policy is to create multi-faceted support programmes. This could combine practical and hands-on engagement through on-site training and local "maker labs," complemented by digital platforms that offer tailored guidance and expert connections, potentially including financial incentives such as vouchers for achieving sustainability milestones.
- **Use land and finance policy to favour community-scale development.** Policies should be used actively to rebalance the market in favour of more equitable models. This can be achieved by using public land and preferential financing mechanisms to specifically support smaller, community-based developments, self-build projects, and housing cooperatives over conventional mass housing.

4.1.2.2. Policy Tools to Support the Roll-Out Priority Area: 2. Support Innovative Materials and Products

- **Establish fast-track certification and approval processes.** A primary policy tool to overcome regulatory barriers is the creation of certification mechanisms to expedite the approval process for new and traditional sustainable materials that meet performance and safety criteria, reducing the time and cost for innovators to bring products to market.
- **Create a public database of verified sustainable materials and products.** To address information gaps and support transparent labelling, policy should

support the development of a comprehensive and open-source database of materials and products. This public resource should include verified Environmental Product Declarations (EPDs), enabling professionals to specify sustainability properties and options.

- **Use public procurement to create lead markets.** Governments can use their significant purchasing power as a policy tool to build stable and first-mover markets for innovative products. By mandating the use of bio-based or recycled materials in public construction projects, authorities can guarantee demand and help suppliers to scale up production.
- **Provide targeted financial support and training for innovators.** To de-risk innovation, a key policy is to provide direct financial support to SMEs and developers of new biomaterials through grants or "Innovation Vouchers." This must be paired with funding for training programmes in circular design to ensure professionals acquire the skills to apply these materials in accordance with the specified technical processes.

4.1.2.3. Policy Tools to Support the Roll-Out Priority Area: 3. Deploy Circular Economy

- **Mandate data infrastructure and reform building regulations.** A key policy tool is to legally require the use of "material passports" for all new and renovated buildings. This should be combined with reforming planning and building codes to establish mandatory thresholds that maximise embodied carbon and prioritise circular design, low-carbon material reuse, and zero-waste construction methods over demolition.
- **Stimulate secondary markets and new service-based models.** Policies should actively support the establishment of both online and physical marketplaces for reclaimed building materials, thereby creating a reliable secondary market for these materials. In parallel, policies should encourage "Product-as-a-Service" business models, which incentivise manufacturers (and designers and builders down the line) to design for durability and repair.
- **Provide targeted funding and support for community-led hubs.** To enable the creation of local circular ecosystems, a policy should focus on providing dedicated financing and organisational support for neighbourhood-scale circular economy hubs. This includes helping to set them up in partnership with trusted local organisations to ensure community benefit and long-term resilience.
- **Use fiscal policy to incentivise circularity and penalise waste.** The tax system is a primary policy tool for shaping market behaviour. This includes implementing higher taxes on landfill and incineration to discourage waste, while simultaneously introducing a significantly reduced VAT on eco-designed products, repair services, and recycled products to make circular choices more economically attractive.

4.1.3. Policy Tools to Support Specific Objective 3: Enabling Change

4.1.3.1. Policy Tools to Support the Roll-Out Priority Area: 1. Boost Skills for Sustainable Construction

- **Establish a strategic "skills pact" for public-private collaboration.** A primary policy tool is the creation of a high-level "Skills Pact for Construction," which fosters formal cooperation between companies, educational institutions, and government bodies to align training curricula with the evolving needs of the green economy.
- **Develop a flexible micro-credential system for green skills.** To enable rapid and responsive upskilling, policy should support the creation of a system of micro-credentials. This modern approach to accreditation can certify specific, in-demand competencies more quickly and flexibly than traditional and lengthy qualifications.
- **Implement targeted initiatives for underrepresented groups.** Policy must actively address structural inequalities by funding and promoting dedicated programmes, such as a "Women in Sustainable Construction Initiative" to tackle the gender gap.
- **Provide dedicated scholarships and financial support for trainees.** To ensure equitable access to skills development, a crucial policy tool is the provision of direct financial aid. This includes creating dedicated scholarship funds, grants, and other forms of support to remove the economic barriers to training.
- **Support a national network of accredited training providers.** To ensure consistent quality and local access, policy should focus on establishing and supporting a national (or, if not European, a regional) network of NEB-accredited providers, ranging from technical colleges and universities to hands-on and project-based training organisations.

4.1.3.2. Policy Tools to Support the Roll-Out Priority Area: 2. Implement Innovative Funding and Business Models

- **Establish a blended finance facility to de-risk private investment.** A primary policy tool is the creation of a dedicated facility designed to de-risk investment in sustainable and social projects. This institution would actively combine public grants with private loans and equity, making it more attractive to private capital.
- **Develop "public-private-people partnership" (4P) models.** Policy should focus on creating new legal and governance templates for 4P schemes or the Irish Public Participation Networks (PPNs). These models would formally integrate local communities as genuine partners, giving them a meaningful role in a project's governance, decision-making, and ownership structure.
- **Provide dedicated start-up funding for social enterprises.** To foster a robust non-market sector, a key policy is to provide targeted financial support for new and existing social housing providers and cooperatives. This includes offering dedicated start-up funding and ongoing public subsidies to support both their capital and long-term revenue needs.

- **Create a supportive legal and financial environment for community ownership.** Policy must actively facilitate the establishment of diverse community-centric ownership structures. This involves creating clear legal frameworks for models such as community land trusts (CLTs) and community-based and cooperative housing bodies, and ensuring they have access to appropriate land and financing mechanisms.

4.1.3.3. Policy Tools to Support the Roll-Out Priority Area: 3. Implement Digital Tools, Including Through Technical Assistance for Local Governments

- **Develop a public digital toolbox with dedicated technical support.** A foundational policy tool is the creation of a publicly funded "Digital NEB Toolbox for Municipalities and Community Developers." This initiative would provide free, open-source software and a dedicated help desk offering technical assistance to local governments, supporting them with procurement and implementation.
- **Use targeted funding calls to mainstream participatory platforms.** To move beyond scattered pilot projects, a key policy is to use targeted funding calls from national or EU bodies to specifically incentivise cities to embed community co-design, mapping and storytelling platforms into their core planning processes, making them standard practice.
- **Fund citizen science and immersive co-design initiatives.** Policy should actively support and fund the launch of citizen science initiatives to enrich official datasets with granular and on-the-ground knowledge. In parallel, it should promote the use of immersive technologies such as virtual reality (VR) to enhance public understanding and engagement in planning.
- **Establish common standards and knowledge-sharing networks.** To ensure interoperability and accelerate learning, it is vital to fund the development of common standards for digital planning tools and data. This should be complemented by creating networks and events that support municipalities and communities in sharing best practices and challenges. The actual AI models may inspire possible paths for developing such networks, provided they operate under strict public control.

4.1.3.4. Policy Tools to Support the Roll-Out Priority Area: 4. Deploy Capacity-Building for NEB Solutions

- **Integrate NEB principles into accredited professional development.** To ensure new skills are formally recognised and valued, a crucial strategy would be to embed NEB training into existing continuous professional development schemes. This involves collaborating with universities and professional bodies to ensure that learning in sustainable and inclusive design directly contributes to career progression.
- **Provide dedicated funding for local initiatives and expert support.** Effective capacity-building requires training and support for the practical application of skills. Policy should therefore include dedicated funding streams for local, NEB-

aligned pilot projects, ensuring these initiatives have access to ongoing professional support and mentorship.

- **Launch promotional campaigns and maintain a best-practice database.** To build momentum and share knowledge, policy should sustain promotional campaigns and develop/expand award programmes to celebrate excellence. This must be coupled with the creation of a curated, open-access database of best practices (projects and realisations) that serves as a vital resource for practitioners.

4.2. Enablers and Actions at EU Level

Addressing the barriers experienced by the first generation of NEB projects requires a balanced mix of **policy support, capacity-building, and financial innovation**. The EU has an important role in creating the enabling conditions. The following enablers outline where European action is most likely to have the greatest impact.

4.2.1. Providing Clarity and Shared Standards

The lack of clarity about what constitutes a NEB project may have discouraged both applicants and funders. The EU could support the development of **standardised legal and financial templates**, model contracts, and a clear "checklist" of contributors and roles. This would make cross-border cooperation easier and lower transaction costs for smaller actors.

4.2.2. Strengthening Municipal Capacity

Municipalities often serve as the linchpin of NEB initiatives, yet many may lack staff or expertise. The EU could allocate resources to **technical assistance and training programmes**, focusing on areas such as procurement, knowledge transfer and learning, participatory design, building information modelling (BIM), and innovative financing. Building capacity locally would not only improve delivery but also encourage private partners to engage.

4.2.3. Supporting Affordability Without Compromising Quality

Projects may struggle to reconcile affordability with long-term quality. The EU could explore **blending facilities and subsidy schemes** that enable projects serving vulnerable communities to adopt advanced, sustainable solutions. This could include expanding InvestEU-style instruments or cohesion policy blending mechanisms that absorb risk and reduce costs for projects with a high inclusion component.

4.2.4. Aligning Financing Instruments with Project Needs

Funding rigidity often leaves projects caught in a "chicken and egg" trap. The EU could encourage **staged financing models** that release funds gradually as projects evolve, as

well as **guarantee schemes** that de-risk early stages for commercial funders. Such mechanisms would be particularly relevant for experimental or circular-economy pilots.

4.2.5. Promoting Transparency and Replication

Financial arrangements in first-generation projects were often difficult to access. The EU could develop a **centralised platform** where NEB projects voluntarily share information on their funding structures, governance models, outcomes, and learnings. This would help future applicants and investors learn from experience while strengthening NEB's identity as a shared European endeavour.

4.2.6. Investing in Interdisciplinary Skills

Some projects may have faltered due to skill gaps. The EU could support **multidisciplinary training programmes** that bring together architects, social workers, financiers, builders, and community organisers. Promoting transdisciplinary approaches is already part of the NEB Investment Guidelines and could be deepened through targeted calls or networks.

4.2.7. Embedding Participation More Effectively

Participation sometimes risks being tokenistic. The EU could promote **structured engagement tools**, citizen assemblies, participatory budgeting, or co-design workshops, as part of NEB calls and guidance. Encouraging applicants to demonstrate how participation is embedded throughout the project cycle may help projects secure lasting legitimacy. A natural part of this is to apply digital cooperation mechanisms.

4.2.8. Supporting Regulatory Innovation

Regulatory frameworks may not always facilitate circularity, reuse, or experimental design. The EU could provide guidance and foster **peer exchange among Member States** on adapting building codes and standards, as well as on financial regulatory approaches to facilitate this new direction. Pilot projects could be accompanied by regulatory “sandboxes” that allow experimentation under controlled conditions before wider adoption.

4.2.9. Enhancing Visibility and Recognition

NEB projects thrive when they create tangible change that people can see and experience. The EU could expand **awards, communication campaigns, and the NEB “seal of quality”** to highlight successful examples. A recognised NEB “seal of quality” could also improve access to green or social bond markets by providing investors with assurance that projects meet credible sustainability and inclusion benchmarks, echoing the investor logic set out in the NEB Investment Guidelines (p. 84). Visibility not

only inspires replication but also reassures investors that projects carry a recognised European quality label.

4.2.10. Encouraging Philanthropy and Impact Investment

Philanthropic and mission-driven capital may play a catalytic role, particularly in absorbing early risks. Philanthropic support may take the form of pure grants. Still, the guidelines also highlight the growing role of **mission-related investments**, where foundations provide loans or equity with modest return expectations, thereby aligning financial sustainability with long-term social objectives. The EU could position NEB as a **trusted framework for philanthropy and impact investors** by linking with the NEB Innovative Funding Advisory Hub. This would open pathways for de-risking experimental aesthetics or community models that may not yet attract commercial finance.

4.3. Synthesis of Enablers

Taken together, these enablers point to a future where the NEB Facility is not only a funding programme but also a **service platform**:

- Offering clarity through templates and standards.
- Building capacity where it is most needed.
- Aligning instruments with the iterative nature of NEB projects.
- Fostering transparency and shared learning.
- Embedding participation and interdisciplinary approaches.
- Bridging public, private, and philanthropic capital.

By taking these steps, the EU could create conditions in which local champions, sound design, community stewardship, and sustainable land and resource use can flourish, supported by a financing ecosystem that is flexible, transparent, and inclusive (Table 4).

Table 4. Key Enablers and Support Mechanisms for the NEB-Oriented Projects

Enabler	Rationale	Local Actions	National Supports	Examples in Practice
Strategic vision & planning	Linking housing, transport, climate and landscape conditions, and economic policies creates synergies and maximises impact.	Develop Local Area Plans aligned with national climate and housing strategies; prioritise compact growth and regeneration.	Regional Spatial and Economic Strategies; integration of NEB values in housing/climate frameworks.	**Vienna Gleis 21:** cohousing combining housing, mobility, and social inclusion.
Funding & investment	Access to national development funds and EU facilities is crucial.	Empower municipalities with land value capture and development levies.	Urban Regeneration and Development funds; InvestEU blending; green/social bonds.	**Schoonschip Amsterdam:** resident equity + mortgages blended with municipal facilitation.
Technical capacity	Strong municipal planning and project management improve delivery.	Train staff in building information modelling (BIM), procurement, and lifecycle analysis; use GIS to identify sites.	Build Digital programmes; BIM mandates; lifecycle standards.	**Athens Faliro Bay Park:** technical assistance from EIB's JASPERS on design and biodiversity.
Community engagement	Engaging residents early builds trust and legitimacy.	Run co-design workshops, participatory budgeting, and citizen assemblies.	National guidance on co-design; participation embedded in funding calls.	**Bratislava Grössling Bath:** regenerated through crowdfunding and community stewardship.
Affordability & quality	NEB projects often face tension between upfront costs and long-term quality.	Pilot material reuse with local contractors; apply grants for vulnerable groups.	Subsidy schemes for energy efficiency and social housing; philanthropic match-funding.	**SILO Amsterdam:** grants for bio-based materials reduced upfront cost, ensuring quality.
Regulatory innovation	Rigid codes can block reuse and circularity.	Pilot "sandboxes" for adaptive use or circular materials.	National building code reform; EU peer exchange on adaptive standards.	**Enghave Climate Park, Copenhagen:** integrated adaptation within a heritage-protected park.

Source: Own elaboration by Francesca Bria, Marine Cornelis, Matthew Kennedy, Réka Matheidesz, Aksel Mjøs, Cornelia Redeker, and Mette Skjold.

5. Evidence Base: Practices and Models

5.1. Good and Next Practices: Learning from and Scaling What Works

A successful roll-out is fundamentally about adapting and amplifying what already works, rather than starting from scratch. With this in mind and building upon the rationales presented above, this section presents a comprehensive, even if inevitably selective and incomplete, review of tried-and-tested as well as emerging practices from across Europe. The examples discussed provide practical evidence, demonstrating that most of the NEB's ambitious goals are not only achievable but are already being pursued through innovative projects and systemic approaches that embody the NEB's core values. As such, the section moves from theory to application, providing decision-makers with tangible and replicable models that offer concrete pathways for adaptation and scaling across diverse contexts.

5.1.1. Good and Next Practices Under Specific Objective 1: Transforming Places with Communities

5.1.1.1. Good and Next Practices for Scaling Up in the Roll-Out Priority Area: 1. Implement Beautiful, Sustainable, and Affordable Housing

- **Adopt and adapt proven systemic models for long-term affordability.** A primary best practice for scaling up is to implement systemic models with proven success. This includes drawing lessons from Vienna's large-scale municipal housing system, which ensures design quality through architectural competitions, and the community land trust (CLT) or German Mietshäuser Syndikat model, or the Rural Urban Synthesis Society (RUSS) Housing Project in London, which decouple housing costs from land speculation to guarantee permanent affordability, as well as the work of other small community-based associations, cooperatives and co-housing projects including community self-build initiatives.
- **Foster a diverse ecosystem of housing typologies and tenures.** Effective scaling requires a diversified approach rather than a single solution. Best practice involves creating an ecosystem that combines large-scale neighbourhood regeneration and new building with the strategic conversion of non-residential buildings for housing and community use, complemented by support for smaller, localised, innovative, and citizen-led models, such as Baugruppen (collective building groups), co-housing, cooperative and self-build housing. Such is the case in Switzerland with several projects stemming from cooperatives and based on participatory processes, such as:
    - The Ecoquartier des Vergers de Meyrin (Geneva), a large-scale eco-district with 30 buildings and around 1,350 units, was developed with multiple cooperatives (including Coopérative Équilibre).
    - Mehr als Wohnen (Zurich), built on former industrial land, includes ~370 apartments for 1,000 residents. Features include cluster units, shops,

workspace, a restaurant, a nursery, and a hotel. Emphasises sustainability, shared mobility, and mixed-use.

- Kalkbreite (Zurich), cooperative housing on a former tram depot site. Including 97 apartments, clusters, public terraces, café, sauna, guest flats, meeting rooms, and kindergarten, with no private cars, and supported by e-mobility infrastructure.
- Hallenwohnen (Zurich), a co-housing model featuring "hall dwelling" with mobile residential units. Functions as a collaborative living and coworking environment.
- La Meute (Lausanne), a cooperative project with 24 homes, is oriented toward migrants, students, and artists, featuring a community café and art centre. It is managed collectively, allowing for lower rents.
- Eco-quartier Plaines du Loup (Lausanne) is emerging to house 8,000 residents and create 3,000 jobs, with cooperatives accounting for 25% of the units in the first phase, focusing on affordability and participation.
- The Cooperative Équilibre projects in the Geneva canton include Rolliet (participatory design with Coopérative Harmonie), Presinge (geothermal, solar, straw insulation, and wastewater reuse), and Pinchat (50 units, mixed housing, and shared facilities).
- An example of Self-Build Cooperatives is the CHISEL Self-Build Cooperatives in South England, which developed over 100 homes as part of 12 cooperatives of self-builders building homes for social rental.

- **Combine strategic frameworks with grassroots innovation.** Successful scaling is achieved through a synergy between high-level policy and bottom-up action. This involves creating strategic frameworks, such as the Affordable Housing Initiative European Partnership (SHAPE), that provide the political and financial support for local implementation, creating a fertile ground for grassroots models to thrive. At a local level, forming consortia between larger housing providers and smaller community and cooperative initiatives helps ensure a mix of institutional capacity and grassroots knowledge. A good example is the Phoenix sustainable neighbourhood in Lewes, where the consultancy Human Nature, working with Lewes County Council, has created 120 homes and a neighbourhood, complete with many community facilities.
- **Apply evidence-based criteria to choose and evaluate solutions.** To ensure successful and sustainable investment, potential housing models must be assessed against a robust set of criteria. The focus should be on time-tested case studies that show longevity, economic resilience, long-term financial viability, social inclusivity, participatory approaches, and the capacity to withstand crises, ensuring that public and private resources are channelled effectively and safeguarded.

5.1.1.2. Good and Next Practices for Scaling Up in the Roll-Out Priority Area: 2. Deploy Regenerative Strategies for Green and Public Spaces

- **Implement systemic and city-wide (or region-wide) strategic plans.** A primary best practice for scaling is to move beyond isolated projects towards comprehensive city-wide (or region-wide) frameworks. This involves developing strategic plans, such as urban (or rural) biodiversity action plans, which set clear, measurable targets for greening the municipalities or regions. Models such as Barcelona's "Superblocks" or Milan's Forestami programme, which involves planting millions of trees by 2030 alongside comprehensive green infrastructure networks through its "Raggi Verdi" (green rays) master plan, provide a replicable template.
- **Repurpose existing grey infrastructure for green and social benefits.** To achieve scale, a key practice is to reimagine and retrofit existing urban and rural infrastructure.
    - This includes reclaiming streets for pedestrian use, as seen in Barcelona's "Superblocks," Oslo's transformation of Gata Grønland, and Geneva's "Nature en Ville" Programme, into a green and car-free public space, renaturing urban rivers to restore ecological corridors, and transforming single-use industrial and agricultural sites into multifunctional public amenities, that combine utility with recreation and nature.
    - Such projects have their large-scale counterparts in internationally renowned projects such as IBA Emscher Park and the Zeche Zollverein in Germany's Ruhr region.
    - Similar projects have been developed across Switzerland in the last decades, where existing grey infrastructure has been repurposed into green spaces or social amenities, to benefit communities, aligned with sustainability and inclusivity principles, such as:
        - Aproz Wastewater Treatment Facility (Valais), a decommissioned wastewater treatment site in Nendaz, was transformed into a playful public space, where original structures were reused to create a vibrant community playground.
        - Gustav-Ammann Park (Zurich), originally a 1942 welfare garden for factory workers, was restored as a heritage-rich public park, preserving pergolas, stone walls, and a pond.
        - Leutschenpark (Zurich), featuring artistic elements such as a shooting range remnant converted into a seating wall, transforming grey land into a green and social hub.
        - Zurich-West Industrial Quarter, with former factories and railway-adjacent lands redeveloped into a mixed-use neighbourhood featuring housing, cultural venues, offices, and public spaces, while preserving its industrial heritage.

        - Terrain Gurzelen (Biel/Bienne) is a decommissioned stadium that has been transformed into a temporary cultural and community hub, hosting concerts, festivals, and grassroots initiatives.
    - On a smaller scale, the organisation WikiHousing Barcelona is using smaller, difficult-to-build sites owned by the City of Barcelona for social housing, through the use of an innovative modular system, utilising reused metal containers together with factory-built timber frame insulated wall panels, at the same time as involving young trainees in the prefabrication of modules.

- **Cultivate a diverse portfolio of interventions at multiple scales.** A resilient scaling strategy employs a diverse portfolio of greening solutions. This ranges from large-scale initiatives, such as creating city forests, to the widespread implementation of smaller, distributed interventions, including green roofs, green walls, constructed wetlands, and the ecological regeneration of institutional spaces like schoolyards, as exemplified by Milan and Paris, both of which successfully combine strategic and city-wide plans with fine-grained and local projects.
- **Utilise public spaces as living laboratories for innovation.** Best practice involves leveraging public spaces as experimental grounds for testing and highlighting new regenerative solutions. Initiatives such as Milan's Piazze Aperte, Vienna's LiLa4Green, Bern's Urban Living Lab, Sion's Mobility Lab CH, and Basel's LifeClibber Basel, illustrate how cities can use public spaces to pilot circular economy principles, innovative community-led projects, and new green technologies, generating valuable lessons for application across Europe's towns and cities.

5.1.1.3. Good and Next Practices for Scaling Up in the Roll-Out Priority Area: 3. Implement Stronger Mechanisms for Local Democracy and Neighbourhood Services

- **Institutionalise platforms for direct and deliberative democracy.** A primary best practice is to formally embed citizen power within municipal and regional governance. This involves implementing city-wide or region-wide digital platforms for participatory decision-making and budgeting, exemplified by "Decidim" and "Decide Madrid" alongside legal frameworks such as Bologna's "Laboratori Di Quartiere" and "collaboration pacts" for co-managing services, and utilising deliberative bodies, such as citizen assemblies, for addressing complex policy issues. At a regional level, community organisations can be brought together into representative networks with consultative status on regional policymaking bodies, such as the Public Participation Networks (PPNs) in Ireland, and Lausanne's Participatory Budgeting.
- **Foster cooperative ownership and citizen-led development.** A robust method for scaling democracy is to support models that give residents and prospective residents direct control over their natural and built environment. Best practice involves creating the conditions for community-based housing associations and cooperatives, tenant management organisations, co-housing schemes,

community self-build projects, as well as community-run urban gardens (such as Berlin's Prinzessinnengärten), and collectively governed cultural, social, and community facilities (such as Barcelona's Can Batlló) to flourish, transforming residents from passive consumers into active stewards. Additionally, Coin Street Community Builders, which offers cooperative social housing, community facilities, entertainment venues, open markets, and exhibition space on a former Lambeth Council site, operates on a non-profit basis in the heart of London.

- **Apply participatory models to create targeted social solutions.** Scaling up local democracy means demonstrating its value in addressing specific community needs. Best practice involves applying co-design and co-management principles, using methods like Community Architecture, a participatory approach that has produced many unique and awards-winning buildings, the Living Lab approach, to develop tailored building and neighbourhood designs, services and living arrangements, such as innovative models for community-based care and support for people with disabilities and older adults, cooperatively run youth centres, intergenerational spaces and places, and inclusive co-living projects.

5.1.1.4. Good and Next Practices for Scaling Up in the Roll-Out Priority Area: 4. Support Culture and Creation as Languages of Change

- **Implement strategic and culture-led regeneration of industrial and historic heritage.** A primary best practice for scaling is the adaptive reuse of former industrial and agricultural sites, as well as historic buildings and sites, transforming them into vibrant cultural centres. This approach acts as a powerful catalyst for regional economic development, fosters a new sense of place, and preserves tangible heritage. This can be considered "standard practice" across Europe (with innumerable examples), but innovation is still possible, namely by reshuffling analogue-digital and individual-collective practices. One illuminating example is the Pfefferwerk Foundation in former East Berlin, where a disused Brewery was converted into a multifunctional foundation that provides excellent value to the local community. Another example is the AaltoSiilo renovation project in Oulu, Finland, which is converting a historic paper mill silo into a community performance centre.
- **Systematically integrate artists into the development lifecycle.** To ensure culture is a fundamental driver of change, a key practice is to integrate artists, craftspersons, and creative professionals into the entire development process. This involves embedding them in design teams from the initial planning stages through to the long-term operation of spaces, ensuring their perspectives shape the project. In our digital era, such individuals are becoming increasingly rare. Therefore, it is paramount to valorise them and present them as role models to younger people eager to pursue careers in creative arts and crafts, thereby transmitting knowledge and know-how.
- **Employ participatory cultural mapping as a foundational planning tool.** Before initiating large-scale projects, a vital best practice is to conduct participatory cultural mapping. This is a process that implies collaboration with

communities to identify and document their unique tangible assets and intangible heritage (e.g., skills and stories). Using this data ensures development projects are authentic and contextually relevant.

- **Leverage major cultural events as catalysts for urban transformation.** Large-scale event frameworks, such as the European Capital of Culture and the New European Bauhaus Festival, provide an effective model for concentrating and scaling up cultural action. When planned in collaboration with the people living and working in the affected areas, these initiatives can be strategically leveraged to channel investment and creative energy into revitalising specific neighbourhoods, leaving a lasting physical and social legacy.
- **Embed art-science-technology research and experimentation methods in urban development.** Leading practice involves drawing on methods developed in Europe's cultural laboratories for transforming the built environment. The STARTS programme has demonstrated how artist-technologist collaborations can address challenges from sustainable materials to community engagement. Institutions such as Ars Electronica (Linz), TBA21 Thyssen-Bornemisza Art Contemporary (Venice and Madrid), OGR Torino (Turin), Centre de Cultura Contemporània de Barcelona (CCCB; Barcelona), and LAS Art Foundation (Berlin) have developed participatory techniques—from citizen labs to speculative design workshops to artists in residence and commissioning—that can be adapted for neighbourhood-scale and city-scale application. Examples include the network of practices and projects featured in the Archipelago for Possible Futures platform: using "future scenario" methods to help residents envision sustainable neighbourhood futures; deploying citizen science approaches for community-led environmental monitoring; and applying design fiction techniques to prototype new models of shared living, or prototyping sustainable data centres and community-owned AI models. Such creative laboratories serve as ongoing incubators for arts, ecology, and tech transformation, providing continuity beyond individual projects.
- **Open EU AI Factories and public compute infrastructure to citizens and artists.** Europe is investing heavily in AI Factories and high-performance computing through EuroHPC, yet access remains largely confined to research institutions and industry. Best practice would open these public infrastructures to creative communities, artists, and citizen groups working on neighbourhood transformation. This could include: dedicated "creative access" programmes at AI Factories enabling artists to explore AI for sustainable design, community engagement, and cultural production; computational resources for citizen-led environmental monitoring and neighbourhood data analysis; and partnerships between NEB demonstration neighbourhoods and nearby supercomputing centres. Such democratisation of public computing infrastructure embodies the NEB principle that technological innovation should serve broad social purposes, beyond economic competitiveness. The STARTS programme has shown the value of artist-technologist collaboration; extending this to Europe's emerging AI infrastructure could position the NEB at the frontier of socially-oriented ecological technological development.

5.1.2. Good and Next Practices Under Specific Objective 2: Supporting Innovation

5.1.2.1. Good and Next Practices for Scaling Up in the Roll-Out Priority Area: 1. Embrace a New Construction Culture

- **Establish lighthouse projects and living laboratories.** A primary best practice for scaling is to develop high-profile "lighthouse" demonstration projects that showcase architectural and technical excellence, serving as inspirational and educational examples. These should be complemented by establishing "living labs" in real-world settings to develop, assess, validate, and refine new circular construction methods and materials.
- **Empower citizen-led development and long-term stewardship.** To embed profound cultural change, a key practice is to support models that place residents in leading positions of development processes. The German Baugruppen (co-development) model can be a valuable framework for delivering high-quality, community-oriented housing when genuine resident participation is integrated into the process. Similarly, cooperative housing initiatives that combine collective ownership with strong resident involvement and shared management structures can be effective. A good example of this is the Estonian Federation of Housing Cooperatives (EKYL), which brings together 1,400 separate housing cooperatives resident in post-Soviet housing blocks. The Federation ensures that members can work together to improve and manage their homes cooperatively.
- **Create accessible support systems for private clients and homeowners.** Scaling a new construction culture requires moving beyond industry specialists to actively support individuals and communities. Best practice involves creating comprehensive support ecosystems that guide homeowners and smaller community-based housing bodies and co-ops through the complexities of sustainable building and renovation, providing step-by-step assistance and reliable information.
- **Drive public engagement through accessible exhibitions and platforms.** Shifting mainstream perceptions is critical for building demand. An important best practice is to utilise public-facing platforms, from major architectural biennial exhibitions and the German International Building Exhibitions (IBA) format to pop-up showcases and exhibitions in familiar settings such as housing sector conferences and do-it-yourself (DIY) stores, offering tangible, hands-on encounters with sustainable construction and design.

5.1.2.2. Good and Next Practices for Scaling Up in the Roll-Out Priority Area: 2. Support Innovative Materials and Products

- **Champion systemic and low-carbon construction materials.** A key best practice for achieving scale is to promote the widespread adoption of proven, renewable structural systems as well as cladding and insulation components. Mass timber construction, such as Cross-Laminated Timber (CLT), exemplifies this approach, offering a workable and low-carbon alternative to steel and

concrete. Bio-composite materials such as Hempcrete (a mixture of hemp hurds and lime) and similar products provide excellent solutions at all phases of the construction chain.

- **Cultivate a diverse portfolio of bio-based and recycled materials.** Scaling innovation requires fostering a broad palette of alternative materials. Best practices involve supporting the planting and cultivation, collection, research, development, and supply chains for a diverse range of natural and recycled products, including established materials such as hemp (see above) and seaweed, as well as other novel biomaterials derived from agricultural by-products. The Ecological Building Society in Ireland gives an example of what is possible.
- **Integrate circular design and building systems into materials.** The full potential of innovative materials is realised only when they are integrated into a holistic construction system. A crucial best practice is to embed them within design methodologies founded on circular principles and couple them with building services that promote self-sufficiency, such as on-site renewable energy and nature-based approaches, as well as local maintenance service operatives trained to deal with these new construction materials and methods, to connect to a new circular spare parts markets, and to pilot small or large-scale demonstrator projects.
- **Implement transparent labelling to empower informed choices.** To accelerate market adoption, a vital practice is the creation of transparent and standardised information systems. This includes developing tiered product labels that transparently communicate critical metrics such as embodied carbon and circularity potential, empowering professionals and consumers to make informed decisions. However, this labelling system (already in place for standardised industrial products) should also take into account the nature-based character of biomaterials, which may not always comply with the control and certification methods used for industrial products.

5.1.2.3. Good and Next Practices for Scaling Up in the Roll-Out Priority Area: 3. Deploy Circular Economy

- **Develop the data and market infrastructure for material reuse.** A foundational best practice is to create systems that enable widespread reuse of construction materials. This involves implementing digital tools, such as “material passports,” to create a comprehensive inventory of materials within existing buildings (known as urban mining), coupled with the development of local market platforms and planning for the efficient trade of used construction components.
- **Integrate circular principles throughout the building lifecycle.** To be effective at scale, circularity must be applied holistically, from design to deconstruction. Best practice involves a systemic approach that combines the use of renewable and recycled materials with a “design for disassembly” ethos, supported by lifecycle assessments to achieve measurable reductions in waste and embodied carbon. However, given the complexity of value chains and social habits, this

holistic approach should be viewed as an ultimate destination and a verification principle, rather than a strict precondition that discourages step-by-step progress. For a good illustration of circular design in building, see this presentation by Metabolic.

- **Establish community hubs to foster local circular ecosystems.** A powerful practice for upscaling is the creation of physical hubs that function as catalysts for local circular economies. As exemplified by "The Loop" in London, "ReTuna" in Eskilstuna, Sweden, or "BlueCity" in Rotterdam, these hubs can support a cluster of circular businesses, run educational programmes, and connect innovators with residents, often using temporary spaces to build momentum for permanent change.
- **Champion adaptive reuse as a visible best practice.** To inspire wider adoption, it is crucial to promote high-profile examples of circularity in action. The adaptive reuse of historic, industrial, or agricultural buildings serves as a powerful "lighthouse" practice, demonstrating the technical feasibility, economic viability, and aesthetic value of giving existing structures and materials a new life. Centre of Excellence for Climate Action and Sustainability (CECAS) in West Cork, a historic seminary for missionaries, set in 36 acres of protected Special Areas of Conservation (SAC) woodlands that have been repurposed as a community-run non-profit centre for environmental, biodiversity and community activities, is a good example of this.

5.1.3. Good and Next Practices Under Specific Objective 3: Enabling Change

5.1.3.1. Good and Next Practices for Scaling Up in the Roll-Out Priority Area: 1. Boost Skills for Sustainable Construction

- **Develop strategic national and regional skills roadmaps.** A foundational best practice is to conduct systematic analyses to identify country-specific skills gaps and develop clear training roadmaps, following the model of the EU's BUILD UP Skills Initiative. This strategic approach ensures that educational efforts address persistent gaps in areas such as sustainable materials, circular design, and digital tools, and are aligned with evolving market needs.
- **Foster transdisciplinary and holistic educational frameworks.** To cultivate the mindset for a new construction culture, a key practice is to establish educational platforms, such as the NEB Academy, that teach the interconnected, transdisciplinary skills required for the green transition. This involves moving beyond siloed trades to incorporate circular design and digital literacy, alongside local craftsmanship and community networking.
- **Deploy a diverse portfolio of flexible training pathways.** Scaling up skills effectively requires catering to learners at all career stages while addressing existing knowledge gaps within the workforce. Best practice involves offering a wide range of pathways, including formal vocational qualifications for new entrants, accredited continuous professional development for established

professionals, and accessible online courses. The Digital Academy of Building Training in Ireland is a good example.

- **Champion integrated and hands-on learning models.** A powerful best practice is to embed skills training within real-world projects. Apprenticeships on sustainable construction sites and "Youth Build" models, where trainees gain experience by building community housing, are essential for addressing existing skills shortages, developing practical proficiency, and linking theory to practice.

5.1.3.2. Good and Next Practices for Scaling Up in the Roll-Out Priority Area: 2. Implement Innovative Funding and Business Models

- **Utilise blended finance and the strategic use of public assets.** A primary best practice is to create mixed funding streams that combine public, private, and non-profit capital for both capital and revenue costs. This includes strategically using public assets, such as land, as a subsidy through long-term leases or structured sales to lower the financial barriers for projects, as seen in France's Projet Urbain Partenarial (PUP) mechanism, which mobilises public land, public investment, and private and community capital for sustainable neighbourhood development.
- **Adopt performance-based contracts to de-risk innovation.** To encourage investment in sustainable solutions, a key practice is to implement financial models that link payment to proven success. This includes design and build fixed-price construction contracts, Energy Performance Contracting (EPC), where upgrades are repaid from guaranteed energy savings, and Results-Based Financing (RBF), where disbursement is tied to achieving specific and verified outcomes. Such is the case with the award-winning Tilos project in the Dodecanese, which has completely transformed the fossil-dependent energy provision of these islands through a pilot renewable energy project.
- **Promote diverse models of community ownership and equity.** Scaling social impact requires moving beyond conventional tenure to models that empower residents. Best practice involves actively fostering the creation of community land trusts (CLTs) to ensure permanent affordability, as well as various forms of community and cooperative ownership, co-housing, and the formal recognition of non-financial contributions as a valid form of equity. A good example is the Brighton and Hove Community Land Trust in the UK, which promotes house building by local co-ops and hosts several community- and environment-based land-based projects.
- **Foster platform cooperatives and social impact incubators.** A crucial practice for building an alternative economy is to support new and equitable business structures. This includes fostering secondary housing cooperatives that provide professional services to local primary cooperatives, as well as platform cooperatives that utilise shared digital infrastructure under democratic governance. Additionally, it involves establishing "social impact generators" that serve as incubators to nurture and scale a pipeline of mission-driven enterprises.

A good example is Cooperative Housing Ireland, which has fostered the development of many local cooperatives for persons in housing need.

5.1.3.3. Good and Next Practices for Scaling Up in the Roll-Out Priority Area: 3. Implement Digital Tools, Including Through Technical Assistance for Local Governments

- **Deploy open-source platforms to scale citizen participation.** A primary best practice is to promote the adoption of free and open-source digital platforms modelled on systems such as "Decide Madrid." This provides a replicable and cost-effective framework for any municipality to implement tools for participatory budgeting, proposal development, and public deliberation.
- **Utilise digital twins for integrated urban and rural planning and simulation.** To manage complex urban and rural transformations, a key best practice is the development of "digital twins" (dynamic, virtual replicas that combine geospatial data, real-time sensor feeds, and predictive analytics). These sophisticated virtual models of a city, region or site allow planners to simulate the impacts of different development scenarios and optimise resource management before committing to costly physical interventions. Cities such as Helsinki and Barcelona are often cited as frontrunners, leading in applications. Increasingly, digital twin city development models incorporate climate change scenarios to enhance urban planning and resilience. While not universal across digital twins, the integration of climate data is rapidly growing and is a critical aspect of their evolution. Therefore, it must be particularly supported by NEB practices.
- **Mainstream is an integrated toolkit for the building lifecycle.** Scaling sustainability requires embedding digital tools throughout the entire design, construction, and management process. Best practices involve creating an integrated digital toolkit that includes computer-aided design (CAD), building information modelling (BIM), and life cycle assessment (LCA) for lifecycle asset management, drones for accurate site surveys, and sensors for monitoring the real-time performance of buildings.
- **Foster inclusive design and planning through participatory co-design platforms.** A crucial practice is to implement user-friendly platforms that facilitate active community participation in the design process. This includes (but is not limited to) mapping tools (such as Maptionnaire), web-based 3D visualisation platforms (i.e., the one actually developed by uzufly in Switzerland), virtual and augmented reality applications, community storytelling applications, and gamification techniques that empower residents to contribute local knowledge and co-create solutions for their neighbourhoods.

5.1.3.4. Good and Next Practices for Scaling Up in the Roll-Out Priority Area: 4. Deploy Capacity-Building for NEB Solutions

- **Establish a national network of regional capacity-building hubs.** A primary best practice is to create a permanent and decentralised infrastructure for tailored support. The French Conseil d'Architecture, d'Urbanisme et de l'Environnement (CAUE) provides a model for a nationwide network of local hubs

that offer expert advice, training, and strategic guidance to municipalities and communities.

- **Foster structured peer-to-peer learning between cities.** To accelerate the spread of proven solutions, a key practice is to facilitate structured and peer-to-peer learning networks. The EU's URBACT programme exemplifies this approach, enabling cities to collaborate on shared challenges, exchange practical knowledge, and co-create solutions with expert support.
- **Deliver a blended portfolio of flexible and accredited training.** Scaling skills across the sector requires a diverse range of educational pathways. Best practice involves offering a combined portfolio that includes practical skills training, accredited vocational and academic qualifications, as well as continuous professional development, in both online and in-person formats to suit different career stages and working lives.
- **Cultivate "NEB champions" through deep-engagement programmes.** A targeted best practice for developing leaders is to establish "NEB Fellowships." This type of programme provides key stakeholders with the dedicated time and resources to immerse themselves in NEB principles, empowering them to function as highly knowledgeable "multipliers" and advocates within their own professional networks.

5.2. Models of Success

The most compelling way to illustrate how national and private funding can sustain NEB projects is to look at concrete models across different Member States. These examples demonstrate that layered financing, community stewardship, sound design, and sustainable land and resource use are central to success. They also show that challenges may be overcome through EU-level enablers such as blending facilities, advisory hubs, and standardisation.

5.2.1. Community-Led Cooperative Housing: Schoonschip, Amsterdam (Netherlands)

Model. Schoonschip is a floating neighbourhood in Amsterdam Noord, created by residents who formed a cooperative to govern the project. Financing came from residents' equity contributions, green mortgages, collective infrastructure loans, municipal facilitation (plot allocation), and public subsidies.

Governance. Schoonschip Amsterdam demonstrates a rare, fully resident-led governance model that blends democracy with technical and legal sophistication. Without a central developer, residents designed, financed, and managed every aspect collectively through layered legal entities and thematic working groups, turning governance itself into a tool for innovation, transparency, and community learning.

NEB fit. Strong inclusion and participation, combined with innovative sustainability pilots and aesthetic quality.

Barriers. Residents faced challenges securing mortgages for unconventional floating housing and aligning multiple lenders with varying criteria.

Lessons. Municipal facilitation and design quality helped unlock financing. Cooperative governance ensured community buy-in.

EU enabler. Standardised legal models for cooperative ownership and sustainability-linked mortgages could help replication in other Member States.

Metrics. 46 households on floating platforms, producing **100% of their electricity from renewable energy** and sharing it via a smart grid; heat demand met by water-source heat pumps; households cut energy use by about **30% compared to the city average**.

5.2.2. Circular Design and Material Reuse: SILO, Amsterdam (Netherlands)

Model. SILO was designed for deconstruction, treating buildings as "material banks." Financing combined developer equity, private investors, innovation subsidies for bio-based materials, and potential green loans linked to material passporting.

Governance. The SILO project in Deventer applies governance as a living design process, merging architectural leadership with local participation. Through an open, adaptive framework led by Space&Matter, it embeds circularity and community co-governance into every phase, linking material choices, spatial design, and social interaction to create long-term environmental and social value.

NEB fit. Sustainability through closed material cycles; beauty through adaptability.

Barriers. Regulatory standards and market practices still favour virgin materials, raising the costs of circular pilots.

Lessons. Clearer regulatory frameworks and recognition of material passports as assets could increase investor confidence.

EU enabler. Support for regulatory sandboxes and integration of circular standards in EU building codes may help.

Metrics. SILO incorporates **material passports**, enabling up to 90% recovery of materials at the end of life; circular pilots have shown that embodied carbon savings can reach **30–50%** compared with conventional construction.

5.2.3. Hybrid Public-Private Regeneration: De Ceuvel, Amsterdam (Netherlands) & Grössling Bath, Bratislava (Slovakia)

Model. De Ceuvel transformed a polluted shipyard into a creative and green hub. Financing included crowdfunding, private contributions, long-term municipal leases, and innovation grants. In Bratislava, the disused Grössling Bath was transformed into a cultural hub, blending municipal concessions, crowdfunding, and contributions from the creative industry.

Governance. De Ceuvel operates as a cooperative experiment in circular urbanism, where tenants collectively govern the site through a non-profit association. Decisions are made democratically by members, with an elected board and an ecological

“Speaker for the Living” ensuring nature’s interests are represented. This governance model blends grassroots participation, municipal collaboration, and environmental accountability, turning De Ceuvel into a living example of inclusive and regenerative city-making.

Grössling Bath is governed through a transparent, city-led partnership between the Municipality of Bratislava, the Metropolitan Institute of Bratislava (MIB), and the municipal company MKK Grössling s.r.o. This structure combines public ownership, professional management, and citizen–expert participation to restore the historic baths as a civic and cultural hub, illustrating how open governance and cultural stewardship can reinforce public trust in urban regeneration.

NEB fit. Both projects embody the transformation of existing assets, turning neglected sites into vibrant, inclusive spaces.

Barriers. Early phases relied heavily on voluntary engagement, with uncertainty about long-term viability. Funders may have been reluctant without visible outputs.

Lessons. Temporary use can be a powerful catalyst, building legitimacy and demonstrating value.

EU enabler. Instruments that de-risk temporary or transitional projects could help communities activate underused land while working toward permanence.

Grössling Bath metrics. Regenerated into a cultural centre with **over 20,000 annual visitors**, supported by crowdfunding and creative industries, it created a hub for start-ups in Bratislava’s Old Town.

5.2.4. Philanthropy-Backed Cultural Initiatives: Chapitô, Lisbon (Portugal)

Model. Chapitô is a circus school for disadvantaged youth that has become a cultural landmark. Its financing combined city support for infrastructure, philanthropic first-loss grants covering early risk, and co-investment from developers and community partners as the project matured.

Governance. Chapitô operates as a civic association that unites cultural creation, social inclusion, and professional education under a single governance framework. Managed by an independent nonprofit board with artistic and pedagogical councils, it uses the performing arts (circus) to drive social transformation. Its governance stands out for blending institutional rigour with creative autonomy, aligning education, culture, and community empowerment within a transparent and legally recognised structure.

NEB fit. Social inclusion through art and education; aesthetics and creativity embedded in everyday life.

Barriers. Experimental cultural models may not initially attract commercial financing.

Lessons. Philanthropic capital can play a catalytic role in de-risking projects until their value is proven.

EU enabler. Linking NEB more closely with philanthropists and impact investors, through the NEB Innovative Funding Advisory Hub, could replicate this pattern.

Metrics. Works with **hundreds of disadvantaged youths annually**, with an estimated **80% completion and reintegration rate** for its training programmes; also serves as a major cultural venue, with **performances attracting 100,000 visitors per year**, strengthening its financial sustainability.

5.2.5. Climate-Adaptive Schoolyards: OASIS Programme, Paris (France)

Model. The City of Paris transformed sealed schoolyards into green, climate-adaptive spaces accessible to pupils and residents. Municipal budgets, regional support, and partnerships with NGOs provided financing. The process relied on participatory design with students, teachers, and local communities.

Governance. The OASIS Programme pioneers a participatory governance model for climate adaptation, where citizens, schools, and city institutions co-design and co-manage green schoolyards. Anchored in interdisciplinary collaboration and scientific evaluation, it combines municipal leadership with grassroots involvement through OASIS Collectives and participatory budgeting. This model transforms public spaces into shared community assets while institutionalising learning, transparency, and adaptive climate governance.

NEB fit. Strong alignment with NEB sustainability and inclusion principles; design contributes to aesthetics and well-being.

Barriers. Scaling required significant political will, substantial upfront municipal investment, and ongoing community engagement.

Lessons. Embedding adaptation measures in everyday urban infrastructure can deliver both social and environmental impact.

EU enabler. Cohesion-fund conditionality linking adaptation to NEB values, as seen in Faliro Bay Park (Athens), could be expanded across Member States.

Metrics. Each transformed schoolyard lowers surface temperatures by **up to 10°C during summer heatwaves**, making them critical adaptation assets planned for conversion across Paris, covering about **72 hectares** of urban space. Designs are participatory, involving thousands of pupils and teachers.

5.3. Synthesis of Model of Success Insights

Across these models of success, several common elements stand out:

- **Layered finance is key.** Projects succeed when equity, loans, subsidies, philanthropy, and municipal contributions are combined in flexible, adaptive ways.
- **Municipal partnership is non-negotiable.** Cities provide land, regulatory flexibility, or long-term leases that unlock private participation and ensure continuity of stewardship.
- **Design quality drives legitimacy.** Projects with strong aesthetics attract both communities and investors, reinforcing long-term value and public trust.

- **Champions matter.** Cooperatives, associations, or dedicated individuals provide stewardship, carrying the vision and maintaining commitment through complex project cycles.
- **Governance underpins resilience.** Effective governance is what transforms funding into enduring value. The most successful projects combine transparency, inclusiveness, and institutional rigour: from fully resident-led cooperatives (Schoonschip) to city-anchored partnerships (Grössling Bath, OASIS). Such models show that governance, whether formal or informal, acts as the connective tissue linking design, finance, and participation.
- **Temporary use can build momentum.** Underused land or buildings are fertile ground for experimentation, helping projects test models and generate early visibility.
- **Recognition strengthens replication.** Awards, storytelling, and visibility increase investor confidence and community support, enabling the spread of NEB principles across contexts.

6. Preliminary Strategic Framework

6.1. Adopting a Context-Sensitive Prioritisation

Having presented our analysis across rationales, practices, policy tools, and funding options, we now return to the three main tasks we were commissioned to address:

1. Proposing rationales for determining which areas should be prioritised for support under the roll-out component.
2. Identifying specific priority areas with detailed justification.
3. Evaluating whether projects in each area are likely to receive support from private or national funding sources.

As evident from the preceding pages, our work involves prioritisation by virtue of what is included and what is omitted; however, we have deliberately refrained from providing rigid prioritisation in the form of ranking or hierarchical ordering. This approach merits explanation.

6.1.1. Limitations of Static Prioritisation

The state of the roll-out component, as discussed in the NEB Facility Roadmap, represents an already relatively mature and elaborate framework, involving tangible priorities whose virtue, in line with NEB as a whole, lies in their comprehensiveness and coverage. We see this as a value, not a problem, and are concerned that elevating one dimension could unintentionally undermine another.

Moreover, the remit of our working group was not expansive enough to allow for the kind of rigorous, data-intensive assessment needed to justify a narrowing down based on comprehensive analysis. Perhaps, even more fundamentally, such narrowing down would not be advantageous considering the diversity of European contexts—geographic, political, and economic—and the fact that the NEB as a facility does not operate in isolation and autonomously; it relies on working with partners and adapting to the policy environment around it, further underlining the need for an adaptive rather than static approach to implementation.

This need has only become more pressing in today's fast-paced, volatile European environment. Rapidly shifting political opportunity windows—shaped by the war in Ukraine, energy crises, and economic instability—coincide with differing levels of partner capacity, limited public funding, and overlapping policy goals, making it more essential than ever to adopt a governance approach that can adjust to evolving conditions without losing sight of its central mission and aims.

6.1.2. The Strategic Opportunism Approach

Effective NEB roll-out requires a measure of “strategic opportunism,” i.e. the capacity to recognise and act upon context-specific “windows of opportunities” while remaining anchored in the NEB’s core values and principles. It means being ready to seize the

moment amid uncertainty and constraint, but also, in the spirit of the NEB as a movement rather than a top-down programme, to work with and through the initiative of key partners wherever momentum exists. The task is hence more one of steering than of rowing: providing strategic direction, coordination, and legitimacy while empowering others to generate the propulsion.

Strategic opportunism recognises that in fluid and rapidly evolving opportunity structures—at EU, national, and local levels—success often hinges on the ability to move decisively when conditions align: a supportive political constellation, a new funding window, or local readiness for transformation.

At the same time, strategic opportunism requires boundaries to avoid resulting in aimless or fragmented action, moving in too many directions at once while advancing none. Accordingly, we conclude by presenting a Framework for Context-Sensitive Prioritisation to support focused and coherent decision-making.

6.1.3. A Framework for Context-Sensitive Prioritisation

To assist the NEB team in Brussels in evaluating both individual projects and roll-out packages as a whole, we propose a three-pronged framework that combines NEB's core values with strategic criteria and risk awareness.

Our framework begins by distilling the 11 guiding principles into targeted project-level tests, posed as yes/partly/no questions that help screen individual initiatives for core roll-out alignment and basic feasibility (Table 5). Recognising that some principles—such as balancing quick wins with lasting change—apply more to the overall roll-out than to single projects, we pair these operational tests with a "roll-out coherence" check: a high-level review at portfolio level to ensure that, collectively, investments and efforts delivers a balanced coverage across NEB priorities—for example, geographic spread, value emphases, and innovation types.

Table 5. Checklist for Principles Alignment and Roll-Out Portfolio Coherence

Test Type	Guiding Principle	Operational Questions
Project-Level Tests	Holistic Values	1. Does the project integrate sustainability, inclusion, and beauty holistically? (Y/P/N)
		2. Does it avoid value trade-offs by reinforcing all three dimensions? (Y/P/N)
	Context Sensitivity	3. Is the design tailored to local cultural, social, and institutional contexts? (Y/P/N)
		4. Have local stakeholders shaped key decisions? (Y/P/N)
	Place and People	5. Does the project meaningfully connect improvements in places with benefits for people—or vice versa? (Y/P/N)
		6. Does the project strengthen local capacity and ownership, and are mechanisms in place enabling communities to sustain and build upon results in the longer term? (if applicable) (Y/P/N)
	Co-Creation and Equity	7. Are under-represented groups genuinely engaged in design and decision-making? (Y/P/N)
		8. Are co-creation processes in place and convincingly documented? (Y/P/N)
	Affordability	9. Will outcomes be affordable and accessible to target beneficiaries? (Y/P/N)
		10. Is the initiative designed to achieve high impact relative to its cost, ensuring effective use of each Euro spent? (Y/P/N)

	Partnerships	11. Are relevant actors (EU, national, local, private, non-profit) collaborating? (Y/P/N)
		12. Does governance span multiple levels and sectors? (Y/P/N)
	Lifecycle and Circularity	13. Are circularity principles, e.g., reuse, recycling, or minimal-waste principles embedded? (if applicable) (Y/P/N)
		14. Is full lifecycle impact assessed? (if applicable) (Y/P/N)
	Learning and Adaptation	15. Are monitoring, evaluation, and feedback loops built in? (Y/P/N)
		16. Is there a plan for sharing lessons and best practices? (Y/P/N)
Portfolio-Level Review	Geographic Diversity	17. Do funded initiatives collectively cover diverse regions and contexts (e.g., urban, rural, peri-urban)? (Y/P/N)
	Value Balance	18. Is there an appropriate balance across sustainability, inclusion, and beauty? (Y/P/N)
	Innovation Spectrum	19. Does the portfolio mix proven solutions with experimental pilots? (Y/P/N)
	Partnership Spread	20. Are investments spread across varied partnership types and scales? (Y/P/N)

Source: Own elaboration by Johannes Novy.

In addition to the screening at the project and portfolio level described above, the evaluation of projects/initiatives for NEB roll-out should proceed with three interconnected strategic criteria, each chosen for its practical relevance to implementation across diverse contexts.

- **Implementation readiness** is intended to assess the extent to which existing partnerships, technical capacity, and proven models—among other enabling factors—enable rapid deployment, minimising the risk of delays or unforeseen bottlenecks. This criterion encourages the NEB team to support initiatives that move beyond aspirational concepts by building on demonstrable organisational maturity and readiness—as reflected, for instance, in established collaborations, documented best-practice pilots, existing technical or institutional infrastructure, or other forms of proven capacity.
- **Funding accessibility** refers above all to the clarity and plausibility of available financing—whether through EU programmes, national (co-)funding mechanisms, private investment, philanthropic sources, or other means—and to initiatives' realistic capacity to mobilise sufficient resources. The question is not whether all sources are already secured, but whether it is credible and feasible to assemble the necessary support within the broader funding landscape. In line with the discussion above, we recognise the catalytic role of public finance and the value of well-designed blends of EU, national, and private resources for many initiatives, while acknowledging that the precise funding mix ultimately depends on the type of project or initiative under consideration.
- **Systemic impact potential** captures the likelihood that successful implementation will catalyse wider uptake, stimulate institutional/policy reform, or generate models that can be emulated in other regions, sectors, or policy domains. Here, the focus is on projects capable of moving the dial not only locally but also at scale—initiatives with genuine spill-over effects that generate transformative change or trigger feedback cycles within the NEB ecosystem and beyond.

For practical evaluation, we recommend a simple three-level scale—High (H), Medium (M), and Low (L)—for each criterion (Table 6). This approach enables the quick comparison of projects and visualisation of strengths and weaknesses, while also providing space for justification and cross-team discussion.

Table 6. Strategic Criteria Matrix

Initiative	Implementation Readiness (H/M/L—e.g., existing partnerships and capacity)	Funding Accessibility (H/M/L—plausibility of securing resources)	Systemic Impact Potential (H/M/L—likelihood of catalysing wider adoption)	Comments (Brief justification of ratings)
[Insert initiative name]	[Rate High, Medium or Low based on partnerships, technical capacity, and proven pilots, etc.]	[Rate High, Medium or Low based on clarity and/viability of funding prospects]	[Rate High, Medium or Low based on potential to serve as replicable or catalytic model]	[Provide rationale for each rating and provide further information]
[Insert initiative name]	[Rate High, Medium or Low based on partnerships, technical capacity, and proven pilots, etc.]	[Rate High, Medium or Low based on clarity and viability of funding prospects]	[Rate High, Medium or Low based on potential to serve as replicable or catalytic model]	[Provide rationale for each rating and provide further information]

Source: Own elaboration by Johannes Novy.

Lastly, we consider a robust risk and resilience assessment as essential for responsible prioritisation and long-term success. Every initiative—and indeed every roll-out package—faces external and internal risks that strategic criteria alone cannot capture. Policy shifts can abruptly change the playing field; economic conditions and budgets may change; administrative delays can sap momentum; and even the best-resourced programmes may encounter pushback from key institutions and stakeholders.

To address these vulnerabilities, we recommend identifying up to three key risks early in the process, assigning each a rough severity rating (High, Medium, Low), and considering which contingency options, if any, are both realistic and proportionate (e.g., diversifying funding, adopting a phased or modular roll-out, or investing in reinforcing buy-in and support). As such, this exercise does not yield conclusive answers but provides a practical tool for locating potential weak points and informing decisions about which initiatives to prioritise in the roll-out (Table 7).

Table 7. Matrix for Risk and Contingency Assessment

Initiative (name of project)	Risk (brief description of threat)	Severity (H/M/L)	Contingency Options (if applicable)	Additional Comments
[Insert initiative name]	[Describe key risk]	[High/Medium/Low]	[List possible contingency measures]	[Any qualifiers or remarks]
[Insert initiative name]	[Describe key risk]	[High/Medium/Low]	[List possible contingency measures]	[Any qualifiers or remarks]
[Insert initiative name]	[Describe key risk]	[High/Medium/Low]	[List possible contingency measures]	[Any qualifiers or remarks]

Source: Own elaboration by Johannes Novy.

It goes without saying that the framework proposed here should be used in conjunction—and not as a replacement for—the extensive eligibility, strategic, and technical criteria already in place at the EU/EC level. It is designed to offer the NEB team a practical, qualitative lens through which to assess NEB principle and value alignment, comparative readiness, funding realism, potential for broader uptake, and resilience considerations when deciding which projects or roll-out packages merit priority.

6.2. The Role of Finance in Creating Lasting Value

The NEB demonstrates that the transformation of the built environment is not only about meeting climate targets or delivering infrastructure. It is also about shaping places that people value, which bring communities together, and that express creativity. Financing is central to this task, but money alone cannot sustain it. As our group asked: *Can money build a soul?* The answer is that funding alone is insufficient. Yet when combined with good design, strong community stewardship, and effective governance, finance becomes the enabler of projects that are both legitimate and lasting. With this cohesive combination, funding sources are also better prepared to allocate available financing across initiatives.

The lessons from NEB's first-generation projects are clear. Success often depended on champions who carried the vision, on designers who created ecosystems as much as buildings, and on municipalities that provided space, flexibility, and trust. Failures, where they occurred, often reflected gaps in capacity, rigid regulations, or the absence of bridging finance. These lessons should not discourage; they should guide the next phase.

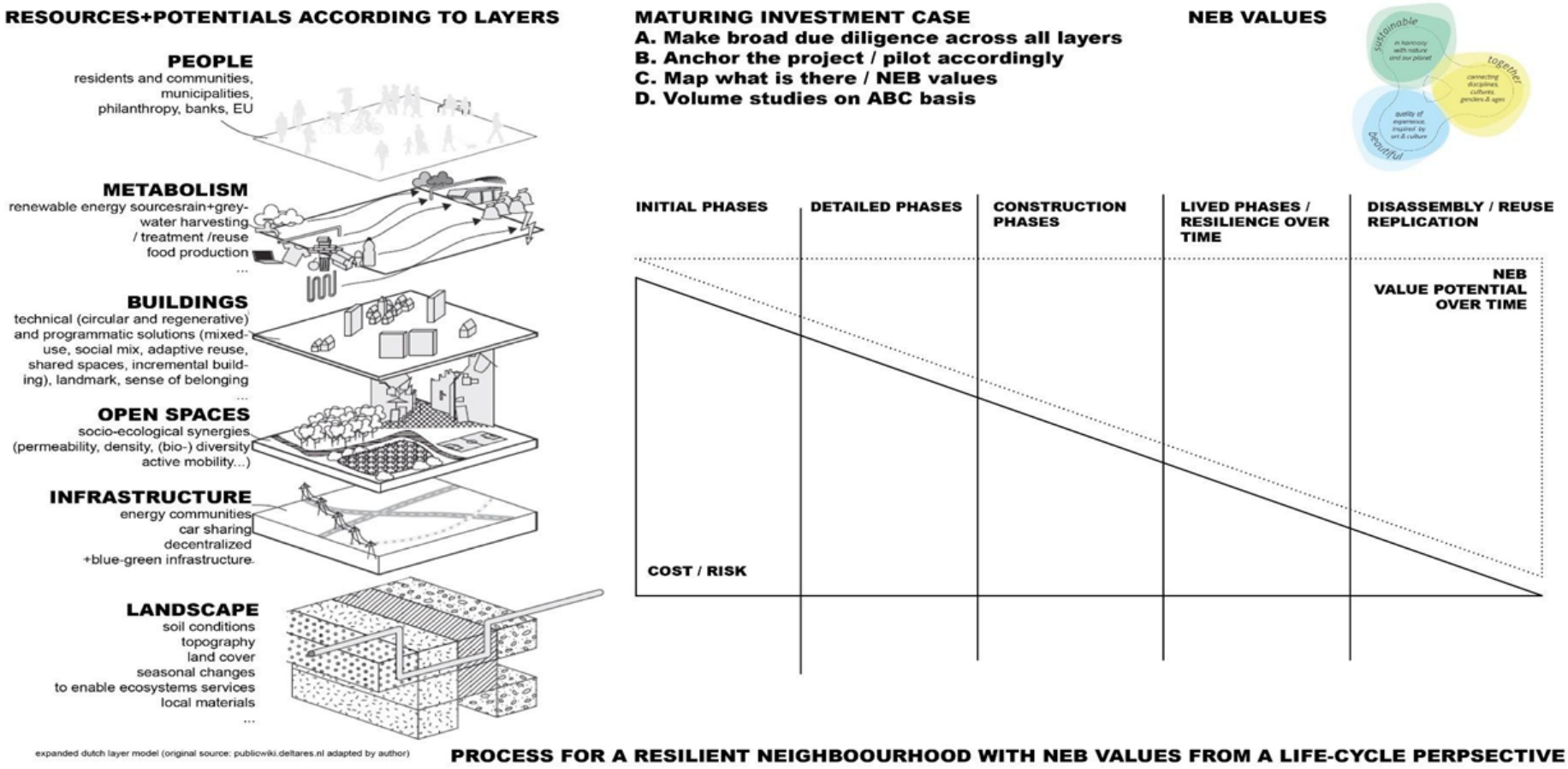
For the EU, the task is twofold. First, to ensure that smaller actors and communities have access to the same opportunities as established players by providing clarity,

standards, and capacity support. Second, to create financial instruments and partnerships that blend public, private, and philanthropic contributions, recognising that layered finance is not a weakness but a strength of NEB.

If these conditions are met, NEB can move from scattered pilots to a mainstream approach to investment and design. It can demonstrate that **“find good designers, find community and funding will follow”** is not just an aspiration but a workable principle, and that by embedding ecological capacity into every project, Europe can build resilience to climate change while creating places that are sustainable, inclusive, and beautiful. In doing so, the NEB will not only enrich neighbourhoods across Europe but also confirm that sustainability, inclusion, and beauty are inseparable elements of Europe’s shared future.

To maximise value and minimise risk in the process for resilient neighbourhoods, we propose conducting broader due diligence on site to assess the current status of the three NEB values: aesthetics, inclusivity, and sustainability (Figure 2). This establishes a starting point in context for the transformation and provides a local base for the process, where you can follow the three NEB values and document them. For example, how can inclusivity, local stewardship, and anchoring in the neighbourhood be pursued and improved in the process? Or, in the context of sustainability, mapping the site's soil conditions, biodiversity, and microclimate could reveal value and substantial risk minimisation, thereby improving the financial case for the specific context.

Figure 2. NEB Layered Initial Costs and NEB Life Cycle Benefits



Source: Own elaboration by Francesca Bria, Marine Cornelis, Matthew Kennedy, Réka Matheidesz, Aksel Mjøs, Cornelia Redeker, and Mette Skjold.

Conclusion

This document outlines a comprehensive and actionable pathway for the NEB roll-out, charting the transition from shared rationales and exemplary practices to capacity-building tools, policy mechanisms, funding strategies, and a framework for prioritisation. It is about translating NEB's principles into tangible, scalable actions—not through a rigid roadmap, but through a structured set of insights and instruments that guide coordinated next steps.

Born at a time of profound transformation and uncertainty for Europe, this report recognises that the combined challenges of geopolitical instability, economic volatility, and accelerating climate and resource crises have made long-term foresight more urgent, as well as complex. Today's crises—from climate disruption and social inequality to democratic fragmentation—are too dire to afford failure. Scaling the NEB's mission is therefore more important than ever: building resilient, inclusive, and inspiring places is essential not only for the quality of Europe's built environment, but for the cohesion and vitality of our continent as a whole.

The evidence gathered confirms that a profound, system-wide transformation is imperative across the built environment and its related industries. Moving beyond isolated projects toward coherent, policy-aligned, and institutionally supported change is essential. Concrete projects remain vital entry points and laboratories of innovation, yet without consistent policy backing, regulatory adaptation, and sustained investment, their impact will remain fragmented and short-lived. A new culture of design and construction—rooted in sustainability, circularity, culture, and deep community engagement—must be fostered to pursue this transition.

To that end, this document proposes a series of policy tools and institutional reforms aimed at creating an enabling regulatory environment. Four equally important pillars underlie these proposals:

a. Rethinking public procurement to reward innovation and sustainability.

b. Developing new legal frameworks for housing and the built environment.

c. Embedding participatory processes in decision-making.

d. Investing in skills and capacity-building at all levels.

Such interventions are critical to de-risk innovation, align market incentives with the public good, and ensure that transformation is both just and durable. However, they highly depend on a sophisticated, multi-level funding strategy. Leveraging a balanced mix of EU programmes, national and local funds, and private investment can generate the critical mass of capital required to finance systemic change. Public finance plays a catalytic role in this process, enabling the mobilisation of private resources and supporting community-led initiatives that deliver long-term social, cultural, and environmental value.

The NEB cannot and should not act alone. Its success depends on strategic alignment with broader European policies, initiatives, and funding streams, ensuring that efforts are complementary and mutually reinforcing. This is not a call for caution or

opportunism, but for **strategic coordination**—matching ambition with pragmatism, pursuing windows of opportunity with foresight, and grounding each step in rigorous value assessment and an honest awareness of risk.

The roll-out of the NEB represents a strategic opportunity to redefine how Europe conceives, builds, and inhabits its spaces. By adopting the principles, implementing the tools, and mobilising the resources outlined in this framework, decision-makers and communities can together ensure that the NEB delivers on its transformative promise—creating resilient, inclusive, and inspiring places that embody the best of Europe's creativity, solidarity, and sustainable future.