

URBAN BUILDING ECONOMY

Deep Dive CCH Regulatory Framework

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Circular
Cities & Regions
Initiative



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1 Deep Dive CCH Regulatory Framework

1.1 Introduction

Cities and regions that are developing Circular Construction Hubs must engage early with the various regulations, laws, and support systems that will impact their projects. By addressing these requirements upfront, cities can more effectively navigate the complexities of circular construction.

To give cities/regions a first overview of the regulatory landscape, an initial framework has been developed to map the key legal and regulatory aspects relevant to the development and implementation of CCHs and the reuse of building materials. This review aims to identify existing legal frameworks, gaps, and opportunities to support policy strategies that can foster a circular construction economy.

In this Deep Dive focus is on:

- An initial mapping of relevant policies and regulatory frameworks at the EU, national, and regional levels that influence circular construction and material reuse.
- An outline of legal aspects related to material reuse and certification, including references to construction product regulations, standards, and eco-labels.
- A preliminary identification of regulatory barriers and enablers that either hinder or facilitate circular practices within the current legal environment.

While these areas have been conceptually addressed, site-specific regulatory aspects - such as permitting procedures, waste licensing, and land-use requirements for establishing and operating Circular Construction Hubs- have not yet been fully explored. These topics will be further examined and validated in the course of the CIRCOFIN project, particularly through the development of the upcoming tasks, such as *business model design*, *operational model design*, *technical concept design*, and *financial model design*.

This initial review provides the foundation for more in-depth analysis and future recommendations. The final outcomes of the Regulatory and Legal Review will be closely linked to the four CIRCOFIN Showcases (Munich, Greater Copenhagen, Lisbon and Scotland), which offer real-world settings to test, validate, and refine legal and procedural insights.

1.2 CCH Regulatory Framework

Establishing Circular Construction Hubs throughout Europe is one big step to achieving the EU Green Deal, which aims to transition towards a climate-neutral, circular, and resource-efficient construction economy. By creating CCHs, cities contribute directly to the realization of this goal, fostering a sustainable built environment.

While regulatory frameworks play a crucial role in shaping the construction sector, some existing policies may inadvertently limit the advancement of Circular Construction Hubs. In fact, some may act as blockers, hindering progress toward the circular construction vision. It is essential for cities to identify such regulatory misalignments early and explore adaptive or supportive pathways in collaboration with relevant stakeholders.

The following “CCH Regulatory Framework” (Figure 1) serves as an initial guideline for cities, helping them navigate the regulatory landscape. It is important to note that while this framework outlines key EU regulations and standards, it does not include every law, particularly those specific to individual countries.

Following the explanation of the Framework and its content, a template will be presented for the four Showcases within the CIRCOFIN project, which will help identify blockers and enablers. This tool will enable cities to report challenges and opportunities as they relate to the development of CCHs, allowing us to highlight regulatory hurdles or enabling factors and draw attention to ways to streamline processes across the EU.

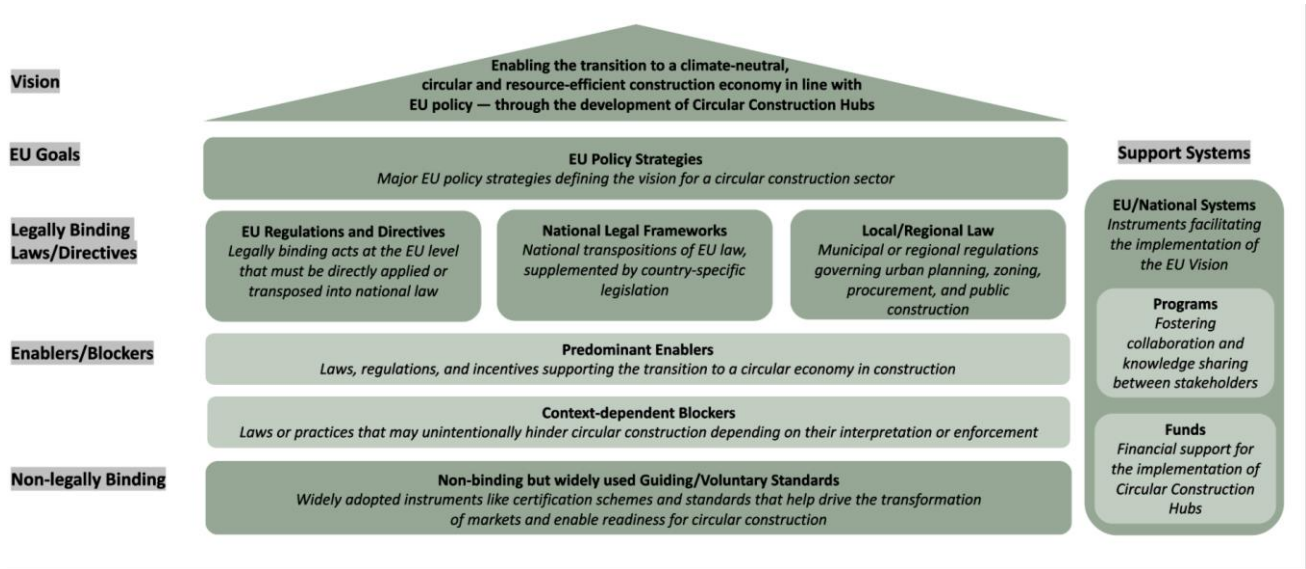


Figure 1: CCH Regulatory Framework

The CCH Regulatory Framework provides a structured overview of the key regulatory elements that influence the development of Circular Construction Hubs. These elements can be divided into the following categories:

- **Vision:** An interpretation of the CIRCOFIN vision in the context of the regulatory landscape.
- **EU Goals:** Major EU policy strategies defining and supporting the vision for a circular construction sector.
- **Legally Binding Laws/Directives:** Binding regulations and directives at the EU level that must be directly applied or transposed into national law.
- **Enablers/Blockers:** Laws and regulations that either enable or block the implementation of circular construction practices.
- **Non-legally Binding Instruments:** Widely adopted voluntary standards that do not carry legal obligations but are influential in setting industry benchmarks, encouraging best practices, and supporting the market transformation toward circular construction.
- **Support Systems:** EU and national programs and funding instruments that facilitate the implementation of the EU Vision. Programs foster the collaboration and knowledge sharing between various stakeholders. Funds provide financial support for the implementation.

Next, we will take a closer look at the current six regulatory elements of the CCH Regulatory Framework, providing an initial overview of the relevant legal dimensions. As this is an early-stage review, further legal findings, regulatory details, and policy links will be continuously developed and expanded over the course of the CIRCOFIN project.

1.2.1 Vision

CIRCOFIN’s vision applied to the regulatory landscape could be expressed as follows:

"Policy strategies should enable the transition to a climate-neutral, circular and resource-efficient construction economy in line with EU policy – through the development of Circular Construction Hubs."

This vision is grounded in key EU strategies, such as the European Green Deal and the Circular Economy Action Plan, and reflects the ambitions and framework set out in the CIRCOFIN’s Grant Agreement. It emphasizes the need for systemic change in the construction sector by aligning policy development with practical, on-the-ground support through CCHs.

1.2.2 EU Goals

The EU pursues ambitious goals within the framework of the European Green Deal, Renovation Wave and the Circular Economy Action Plan, as well as Fit for 55 Package. These strategies aim to transform the entire building and renovation sector into a circular economy. These EU strategies provide the legal framework to establish CCHs as essential tools for transforming the construction sector into circularity. Municipalities should use these goals as guidelines to develop and implement their own (CCH) strategies.

1.2.3 Legally Binding Laws and Directives

The following section presents a first collection of legally binding laws, as well as directives at EU, National and Local/Regional Level. To support the practical development of CCH, we also indicate which parts of the CCH model - such as the business model, technical concept, operational model, or financial model – are particularly affected by these regulations. This mapping will be further refined and expanded as the CIRCOFIN’s project progresses, especially through insights gained from best practices and the four project showcases.

1.2.3.1 EU Regulations and Directives

At the EU level, there are several binding regulations and directives that govern the implementation of circular economy practices in construction. These are critical to ensuring the alignment of local and regional construction activities with EU-wide sustainability goals.

EU Regulations and Directives	Description	Operational Model	Business Model	Technical Concept	Financial Model
European Climate Law (Regulation 2021/1119)	Establishes the EU’s climate neutrality goals, including reducing emissions by 55% by 2030.	x	x		



Construction Products Regulation (305/2011)	Governs the performance and sustainability requirements of construction products in the EU.		X	X	
Energy Performance of Buildings Directive (2010/31/EU, EPBD):	Sets requirements for improving the energy efficiency of buildings, crucial for CCHs focusing on sustainability.	X	X	X	
Waste Framework Directive (2008/98/EC)	Addresses the management of construction and demolition waste, an essential part of circular construction.	X	X	X	X
Renewable Energy Directive (2009/28/EC)	Encourages the integration of renewable energy into building and construction projects.		X	X	
EcoDesign Directive (2009/125/EC)	Sets energy efficiency and sustainability requirements for products used in construction.		X	X	
EU Taxonomy Regulation	Establishes criteria to define sustainable activities, supporting circular construction projects.	X	X	X	X
ESG Reporting Regulations (CSRD / SFDR / NFRD)	Require companies to report on their environmental, social, and governance (ESG) practices, providing transparency for investors and municipalities.	X	X	X	X
EU Emissions Trading Directive (ETS & ETS2)	Regulates carbon emissions in the EU, impacting construction companies and their operations.	X	X	X	X

Table 1: Overview of affecting EU Regulations and Directives



1.2.3.2 National Legal Frameworks

In addition to the EU-wide regulations, national legal frameworks transcribe EU laws into country-specific regulations and define additional legal requirements.

The following overview serves as a reference and should be adapted to the regulatory conditions of each local CCH.

National Legal Frameworks	Description	Operational Model	Business Model	Technical Concept	Financial Model
National Climate Acts (e.g., Germany’s GEG, France’s RE2020)	These national laws implement the EU’s climate neutrality objectives and set specific regulations for energy savings and carbon neutrality in buildings.	X	X	X	
National Building Codes and Energy Laws	Govern the construction process, with specific energy efficiency standards for new builds and renovation.	X	X	X	
Environmental Impact Regulations	These ensure that construction projects meet sustainability standards and minimize environmental damage.	X		X	
Public Procurement Laws	Regulate how public contracts are awarded and may include circular economy criteria.	X	X	X	X

Table 2: Overview of affecting National Legal Frameworks



1.2.3.3 Local/Regional Law

Municipal or regional regulations play a crucial role in CCH development, as they define the rules for urban planning, zoning, and procurement at the local level.

Local/Regional Law	Description	Operational Model	Business Model	Technical Concept	Financial Model
Circular Material Use & Sorting Obligations	Local laws might require construction projects to meet specific recycling targets and sorting obligations for materials.	X		X	
Regional Energy and Renovation Targets	These regulations often set local energy efficiency and building renovation targets to comply with national and EU directives.	X	X	X	X
Zoning & Land Use Regulation	Local zoning laws may restrict or encourage certain construction practices, including the use of circular materials and sustainable construction techniques.	X		X	
Public Procurement Policies (e.g., lacking circularity criteria)	Local and regional governments may need to revise procurement policies to include circular economy criteria in public contracts.	X	X	X	X
State of the art building regulations as well as technical standards / engineering codes	Influencing the demand for secondary materials, e.g. acting as blockers for reintegration of building components	X	X	X	

Table 3: Overview of affecting Local/Regional Law



1.2.4 Enablers and Blockers

Enablers are laws, incentives, and regulations that support the transition to a circular economy in construction. These include:

- Incentives, targets, and regulations from the EU and national governments that promote circularity.
- Extended Producer Responsibility (EPR) laws ensure that manufacturers and construction industry players are responsible for the lifecycle of their products, creating an incentive for circular practices.

On the other hand, blockers can include outdated or poorly harmonized regulations, such as:

- Zoning laws: Unclear or inflexible zoning laws that may restrict the reuse of materials or complicate the approval process for circular construction projects.
- Procurement laws: Centralized procurement laws that do not consider circularity and thus limit the use of CCHs.

Cities must address these blockers and work towards adapting regulations to align with the goals of circular construction.

The following figure (figure 2) presents a first attempt at structuring the laws/directives in predominant enablers and context-dependent blockers. This preliminary version will be further developed in the next steps of the project to verify the suitability and enrich it with examples.

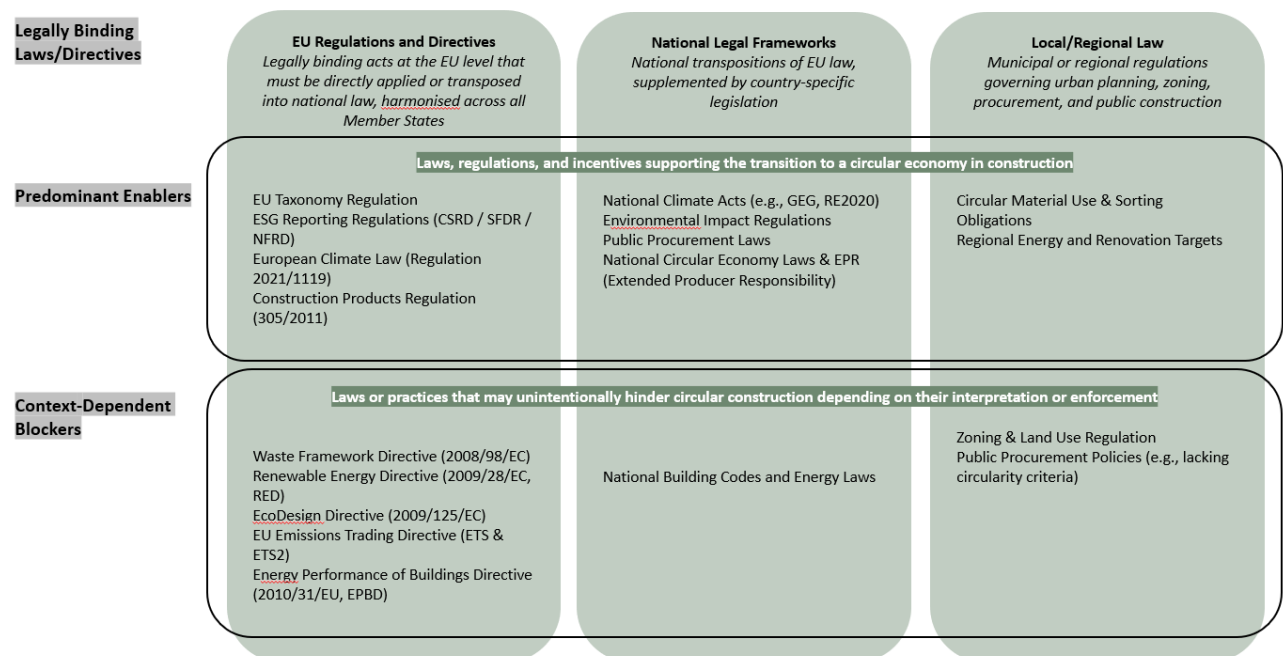


Figure 2 Identified Enablers/Blockers within Regulatory



1.2.5 Non-legally Binding but widely used Guiding/Voluntary Standards

In addition to binding laws, non-legally binding standards and instruments also play an important role in the development of CCHs. These standards are not legally mandatory but are widely adopted by the market to drive transformation. Examples include:

- a) ISO 14001 (Environmental Management Systems)
- b) ISO 9001 (Quality Management Systems)
- c) State of the Art: provide a crucial framework for ensuring safety and quality but may also need to evolve to fully support circular practices and material reuse.
- d) BREEAM, LEED, DGNB, and other green building certifications: These certification systems help drive the transformation of the construction sector toward sustainability.

1.2.6 Support Systems

Finally, to implement the EU vision different support systems are put in place. EU and national programs share lessons learned from best practices, address contextual barriers, and leverage existing enablers by collaboration with like-minded actors across the value chain. Funding instruments targeted at circular construction and city development support cities and regions in putting circular construction hubs into practice.

The following table gives an overview of available programs and funds.

Name	Description	Link	Program	Fund
EU Horizon - Built Environment Topics	<p>EU’s key funding program for research and innovation with a €93.5 billion budget for the period 2021-2027</p> <ul style="list-style-type: none"> • Past Horizon projects can give inspiration and provide learnings, guides, and contact persons from best practices • “Replication” or “upscaling” calls for tender might be put in place and apply to your city. However, the effort of putting together a consortium for this application might exceed its purpose 	https://research-and-innovation.ec.europa.eu/funding/funding-opportunities/funding-programmes-and-open-calls_en	x	(x)



<p>Horizon - Built4People (B4P) Partnership</p>	<p>Funding and partnership program within EU Horizon Cluster 5 that brings together the whole value chain to accelerate people-centric innovation for a sustainable built environment. Only ongoing until 2027.</p> <ul style="list-style-type: none"> • Connects public and private partners and fosters information exchange and collaboration, e.g. annual B4P Stakeholder Forum • Has a €380 million budget between 2021-2027 to fund projects and provides knowledge about general funding 	<p>https://built4people.eu/</p>	<p>(x)</p>	<p>(x)</p>
<p>New European Bauhaus (NEB)</p>	<p>Major policy and funding initiative by the European Union to develop sustainable, inclusive, and beautiful neighborhoods.</p> <ul style="list-style-type: none"> • Tools and instruments are provided to help plan, design and conduct projects following the NEB values and working principles • Funding tool “NEB Facility” 	<p>https://new-european-bauhaus.europa.eu/about/about-initiative_en</p> <p>https://new-european-bauhaus.europa.eu/index_en</p>	<p>x</p>	<p>x</p>
<p>Circular Cities and Regions Initiative (CCRI)</p>	<p>Multi-stakeholder collaboration and financial support initiative by the European Commission for cities and regions.</p> <ul style="list-style-type: none"> • Provides knowledge, fosters collaboration, and offers support programs 	<p>https://circular-cities-and-regions.ec.europa.eu/ccri-compass</p>	<p>x</p>	<p>x</p>
<p>European Regional Development Fund (ERDR)</p>	<p>Fund to correct disparities between the level of development of different European regions with a focus on creating a greener, low-carbon transitioning towards a net zero carbon economy and resilient Europe including the transition</p>	<p>https://ec.europa.eu/regional_policy/funding/erdf_en</p>		<p>x</p>



	<p>to a circular and resource efficient economy (Policy Objective 2).</p> <ul style="list-style-type: none"> There are differences in funding opportunities based on the level of development and geographic characteristics of your city or region (see thematic concentration and specific territorial characteristics) 			
LIFE Programme	<p>Fund by European Commission to support environmental and climate projects, such as the implementation of a circular economy with innovative, best-practice, or close-to-market solutions.</p> <ul style="list-style-type: none"> Applicability depends on currently available calls 	<p>https://cinea.ec.europa.eu/programmes/life_en</p>		x
The Joint Initiative on Circular Economy (JICE)	<p>Financial support by various national banks and institutions for projects preventing and eliminating waste, increasing resource efficiency and promoting circular business models.</p> <ul style="list-style-type: none"> Available are loans, equity investment, guarantees, innovative financing structures, and advisory services 	<p>https://circular-cities-and-regions.ec.europa.eu/support-materials/funding-and-financing/joint-initiative-circular-economy-jice</p>		x

Legend: x = applicable, (x) = partly applicable

1.3 Conclusion

The development of Circular Construction Hubs is deeply intertwined with EU, national, and local legal frameworks, as well as voluntary standards. By integrating the full spectrum of regulations, incentives, and tools, cities can build sustainable and scalable CCHs that align with both EU goals and local development strategies. This combined regulatory approach will drive the transition towards a circular and sustainable construction economy.

