

# EIB Funding for Social Housing - Overview



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- The EIB – the EU Bank
- EIB financing of social and affordable housing – lending volume and geography
- EIB criteria for financing social and affordable housing
- Funding under the European Fund for Strategic Investment
- Key trends and challenges

# EIB – The EU Bank

- Created 1958 – specific status in TFEU
- Shareholders 28 EU member states
- A “project” bank with specialist technical staff

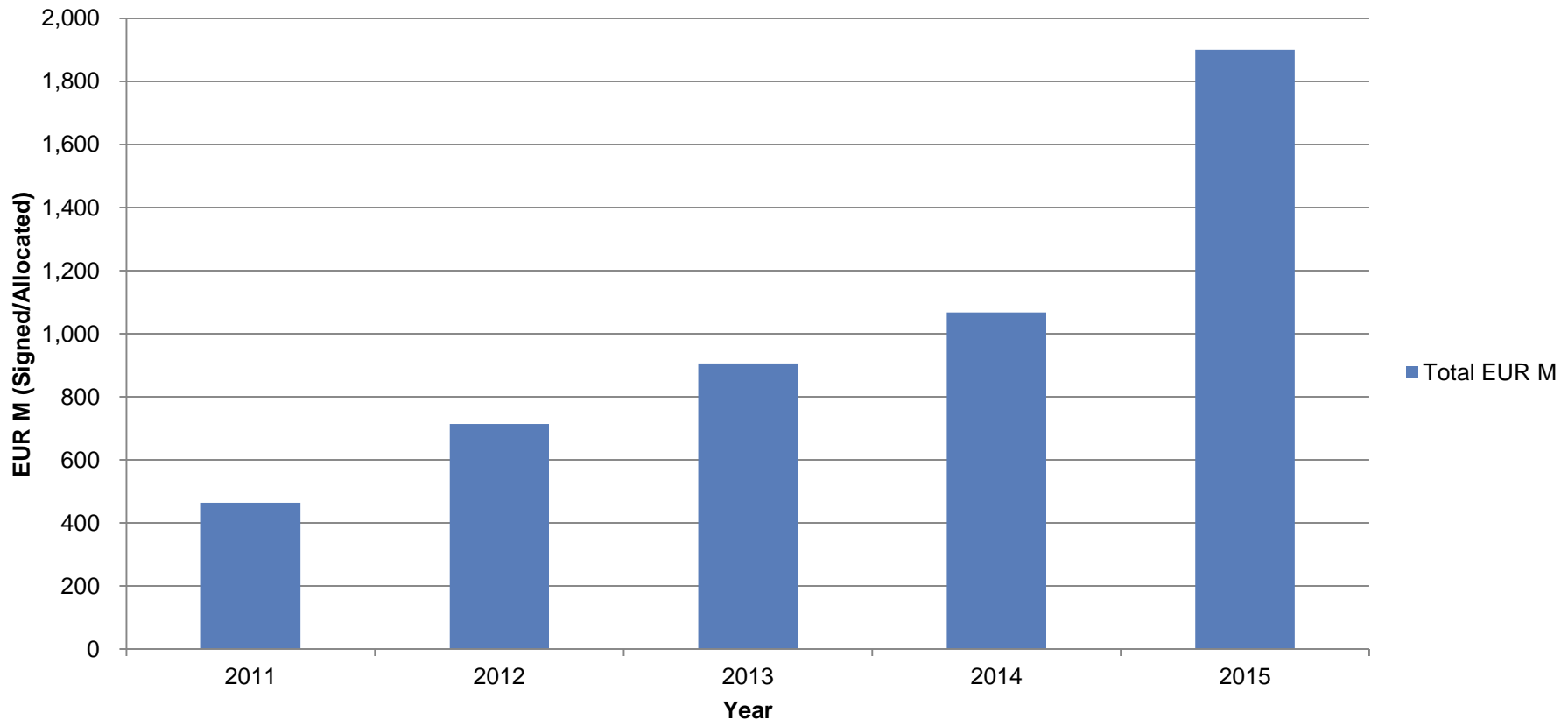
LENDING	BLENDING	ADVISING
Loans But also:  Guarantees (trade financing)  Equity participation	Combining EIB finance with EU budget (EIB+ESIF Operational Programmes)  Higher risk projects for innovation (EFSI)	Prepare, evaluate and support the implementation of projects (JASPERS)  Support for energy efficiency (ELENA)

Attracting FUNDING for long-term growth

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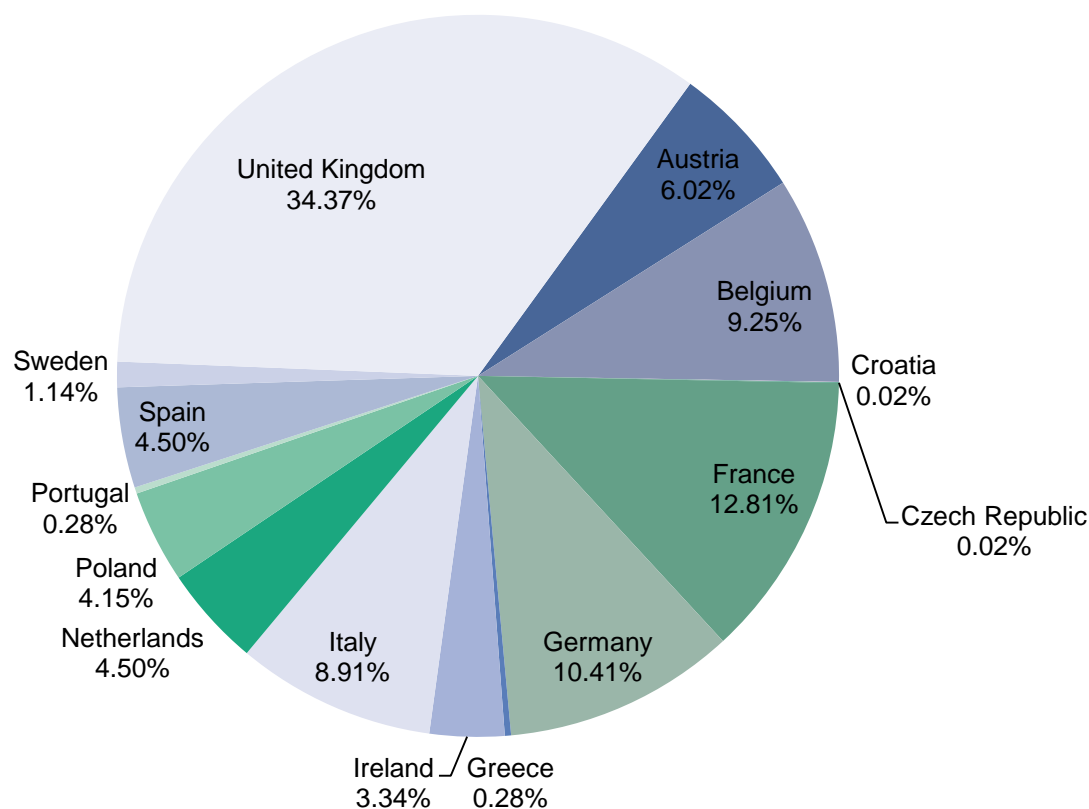
# EIB social housing finance 2011-15

## EIB Lending For Social Housing (2011-2015) (Total EUR 5.05 billion)



# EIB social housing finance – geography

## EIB Lending by Country for Social Housing (Total 2011-15 EUR 5.05 billion)



# Social Housing – who does EIB lend to?

Instrument	Key Features
<b>Housing Companies</b>	<ul style="list-style-type: none"><li>• Housing companies public and private</li><li>• Direct loan for a social housing programme over 3-5 years</li><li>• Usually &gt; EUR 50m project cost</li></ul>
<b>Cities</b>	<ul style="list-style-type: none"><li>• Long-term multi-sector loans usually &gt; 75,000 people, &gt; EUR 100m for a 3-5 year investment program</li><li>• Frequently includes municipal social housing upgrades for general renovation or energy efficiency</li></ul>
<b>Banks</b>	<ul style="list-style-type: none"><li>• Facilities to finance multiple small and medium social housing schemes across a region or country</li><li>• Relies on a good intermediary which applies financing criteria agreed with EIB</li><li>• Either public promotional or private banks</li></ul>
<b>Specialised entities</b>	<ul style="list-style-type: none"><li>• Housing finance institutions – banks, funds, agencies</li><li>• Energy efficiency agencies / companies</li></ul>

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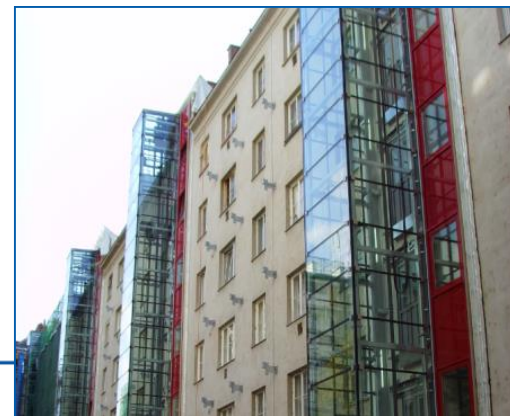
# Social Housing: Rationale for EIB investment

- Public policy objectives relating to market failure and social equity
- At EU policy level, mainly considered a national concern but emphasized under European Social Charter, Leipzig Charter, Urban Agenda for the EU
- Established as a key EIB priority for Integrated Urban Development
- Key dimensions:
  - Social: social inclusion - access to decent housing for low income households
  - Economic : Poverty alleviation and job creation
  - Climate action: Improving energy efficiency in housing for climate mitigation



# EIB Appraisal Criteria

- Policy framework: Sound social housing regulatory and policy framework in place
- Investment activities: new build, retrofit, support infrastructure, not maintenance
- Tenure: Focus on rental social housing (private housing only for energy efficiency)
- Urban planning: local spatial plans consistent with city strategy, integrated approach, mixed use neighbourhoods, public transport
- Stakeholder engagement: Tailored solutions involving local communities/citizens
- Level of quality: buildings, services, operation, maintenance and management
- Location: Brownfield sites; Greenfield sites with sound urban planning



# Loans to Housing Companies: Social housing in Hamburg (Rungestieg)

- Retrofit housing and new construction
- Space for community/social activities on the ground floor
- Care services for elderly / disabled tenants
- EE KfW 70 standard
- Second EIB loan in 2015 with the city's social housing company SAGA GWG





# Urban Framework Loan – Sweden Örebro Urban Framework Loan

- City of Örebro, 25 year loan SEK 1.700m (EUR 180m), or 15 year bullet
- EIB finances City investment programme 2014-2017.
- 40 small to medium size schemes in education, childcare, municipal housing, and wastewater treatment.
- EIB has in 2014-15 approved similar municipal multi-sector framework loans to other cities in Sweden: Stockholm, Malmö, Lund, Västerås, Örebro, Norrköping and Uppsala



Renovated rental municipal housing units in the district of Varberga



Night view of Örebro

# Poland Affordable Housing – EIB funding via a major National Development Bank

- EIB framework loan targeting affordable housing
- Intermediated by BGK, Poland's development bank
- On-lending to TBS's (public housing enterprises) across Poland
- Incentivizes schemes which optimize energy efficiency, revitalization, affordability via scoring system and call for applications



# Inclusion of Migrants and Refugees

## Germany

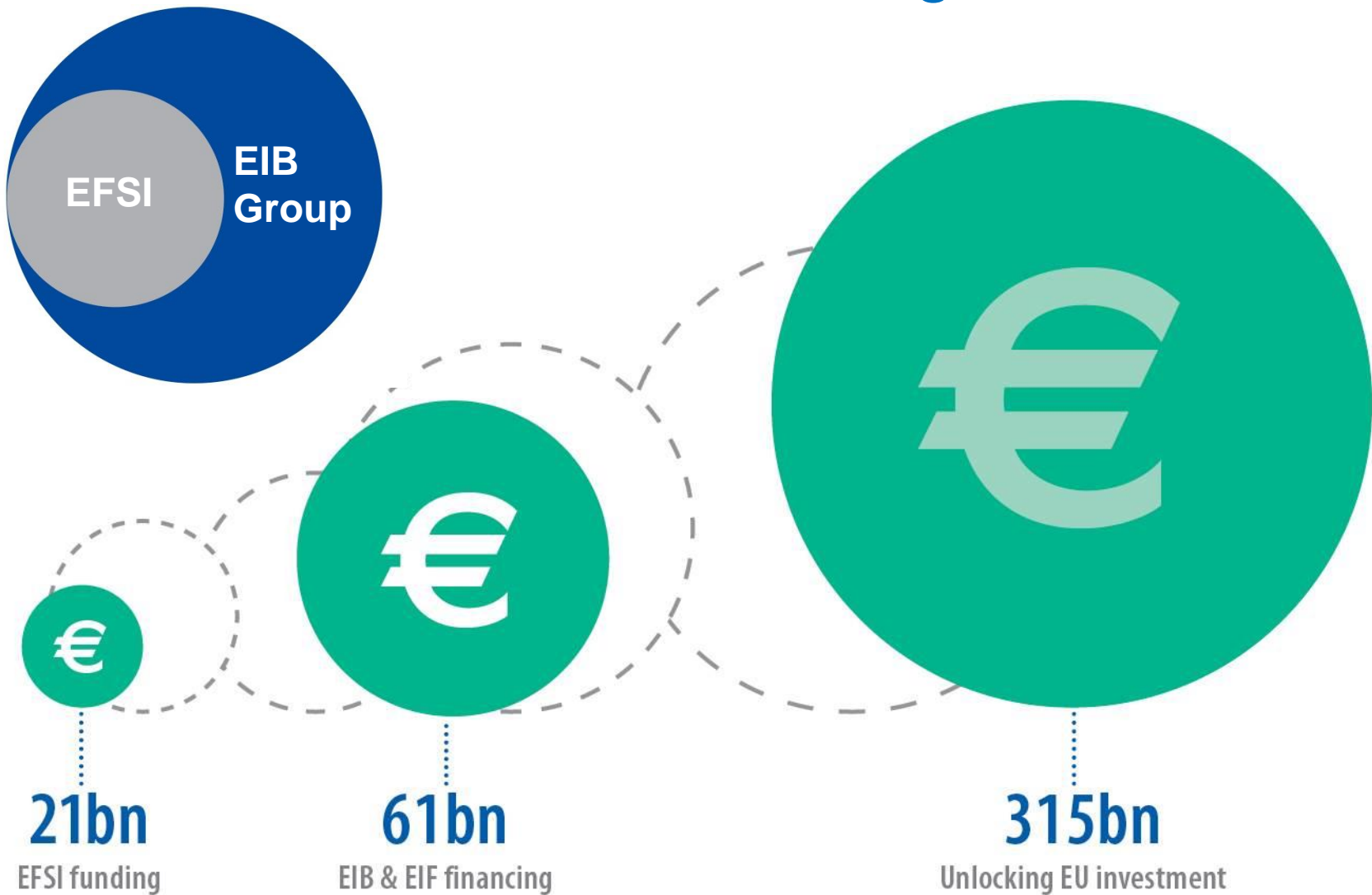
- ❑ Brandenburg Refugee Accommodation: EUR 440 m project (EIB loan 120 m) for refugee accommodation (113000 refugees/asylum seekers affected). Schemes are managed by local authorities and their housing companies and comprise both refurbishment or new construction;

## France

- ❑ Logement des Migrants: EUR 110 m project (EIB loan 50m) to rehabilitate some 13 000 units to provide temporarily housing to the asylum seekers (65000 beneficiaries) during the procedure of processing their applications.

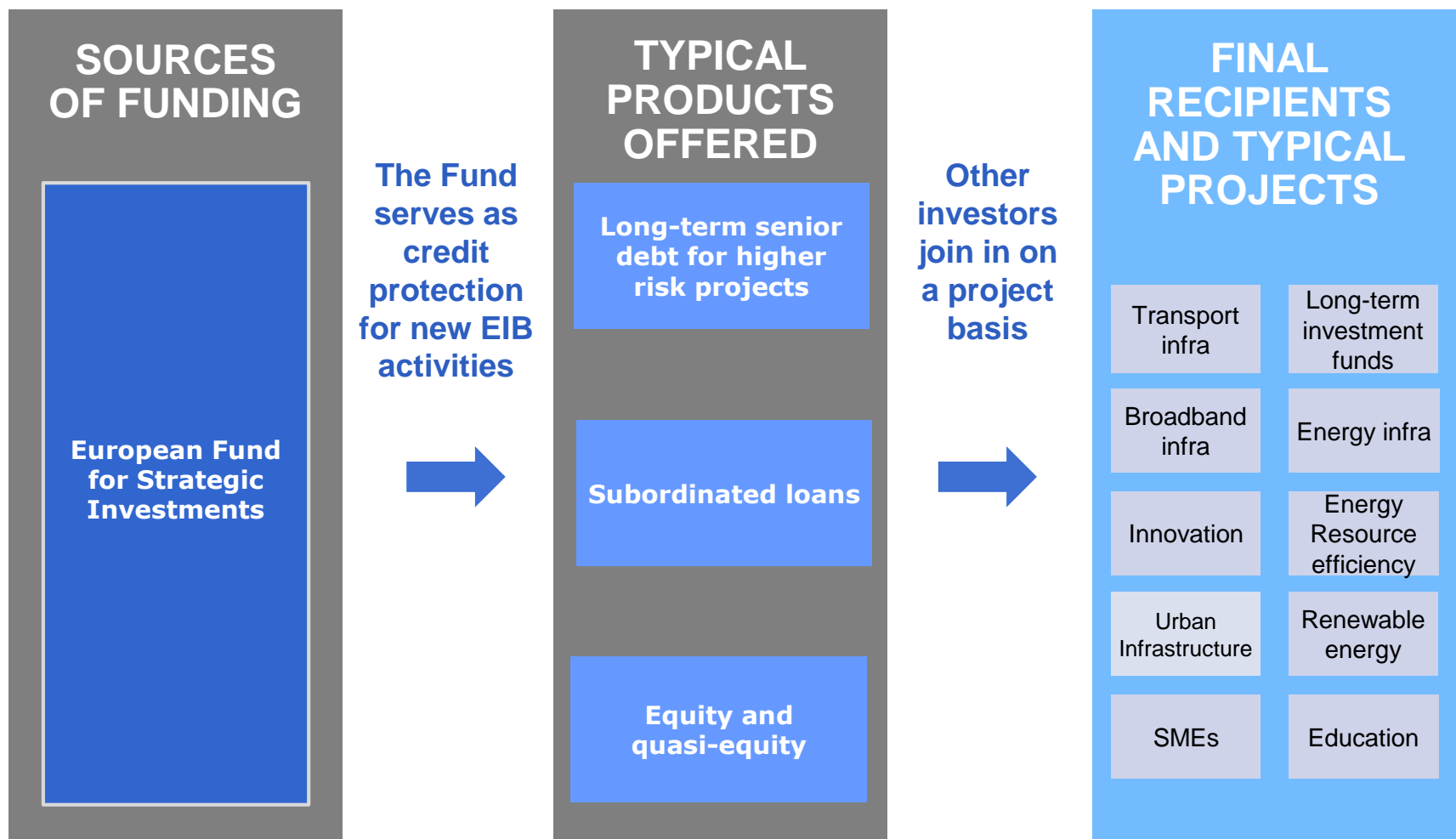
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# Mobilising new investment





# Better Funding through EFSI under IPE, Investment Plan for Europe (Juncker Plan)



# EFSI Status

Of which  
**EUR 6.5 bn**  
signed

Approved EFSI  
financing\*

**EUR 12.8 bn**

\*EIB-approved: EUR 9.3bn  
EIF-approved: EUR 3.5bn

## EIB Group figures

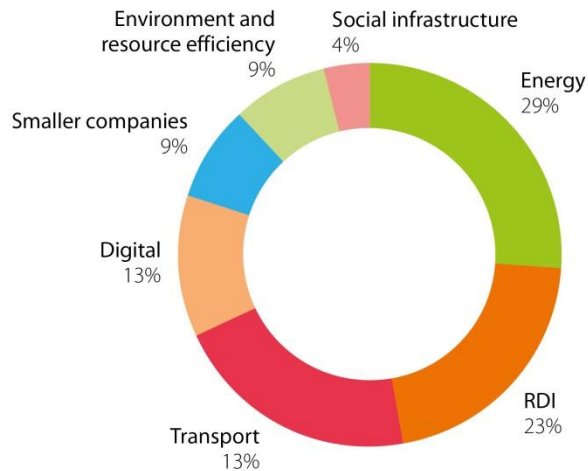
As of 19/05/2016

Total investment related to EFSI  
approvals

**EUR 100 bn**



### EFSI financing by sector



249 approved  
transactions in 26  
of 28 EU countries



# Eligible counterparts

- ❑ Corporates of all sizes
- ❑ Utilities
- ❑ Public sector entities
- ❑ SMEs (below 250 employees) or MidCaps (below 3,000 employees)
- ❑ NPBs or commercial banks for intermediation
- ❑ Dedicated investment platforms possible



EIB normal “know your customer” and compliance requirements

# What Kind of Social Housing Projects for EFSI?

Instrument	What kind of social housing projects for EFSI?
<b>Housing companies</b>	<ul style="list-style-type: none"><li>• Lending to smaller or higher risk housing companies</li><li>• Lending in less stable regulatory / market environment</li><li>• Stimulus to other investors to come in</li></ul>
<b>Cities</b>	<ul style="list-style-type: none"><li>• Lending to lower rated cities</li><li>• Lending to municipal housing companies with limited recourse to the city</li></ul>
<b>Banks</b>	<ul style="list-style-type: none"><li>• Lending to lower rated banks</li><li>• Risk sharing with public or commercial banks</li><li>• New security arrangements involving lower capital allocation</li></ul>
<b>Specialised entities</b>	<ul style="list-style-type: none"><li>• Investment into funds with enhanced risk appetite</li><li>• EIB equity alongside EU grant in revolving funds eg. for energy efficiency</li></ul>

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# EIB social housing finance – Key Trends

- Overall demand for EIB finance rising
- Wider geography (“new” projects in Malta, Poland, Spain, Portugal, Ireland)
- Risk profile changing (more loans to housing enterprises, more equity demand, regulatory risk)
- Product diversity rising (student accommodation, assisted living, partial ownership)
- Impact of the refugee crisis

# Social Housing: Key Challenges

- State aid: clarifying the SGEI framework; how to handle the “universalist” model of affordable housing
- Ownership issues – full, partial and right to buy: EIB lending approach moving forward
- New areas of “social housing” – student accommodation, assisted living
- Policy challenge: climate action versus social inclusion?
- Refugee integration: technical housing solutions, link with social integration measures, temporary shelter versus social housing during the asylum process, how to assure adequate planning given urgency