# Housing Europe, "EU Invests in social housing: EIB loans in practice", Bruxelles, 14th june 2016.

## Presentation of Julien Garnier

### 1/ What is the Savings fund?

The Savings fund (henceforth SF) of the Caisse des Dépôts converts a part of households savings into long run or very long run loans (up to 40 years) defined by public policies, with a special attention given to social housing.

These savings are mainly "livret A" passbook accounts. It is a popular savings (over 60M of passbooks in France), used by every category of the population.
The ressources are composed of the "Livret A", "Livret de développement durable" and "Livret d'épargne populaire".
On a total of 409 bn€ (i.e. 10 % of total households savings), over 2/3 (= 250 bn€) are centralized in the SF. The remaining 1/3 stays in the banking system (loans for companies).

These savings are regulated (e.g. the ceiling of the livret A is 22,950€), tax free and garanteed by the State. They are available through the banking network (before 2008, only 3 banks: *La poste, Caisse d'épargne* and *Crédit Mutuel*)

The balance sheet of the SF is quite simple:

| 261 bn€ (2013) | |
|---|---|
| *Liabilities* | *Assets* |
| Passbook savings = 90%<br>Equity = 10% | Loans = 65% (among which 80% are loans to the social housing sector)<br>Financial assets = 35% |

- ➢ The advantage of this model is that it is a very stable resource. It has allowed an undisrupted financing of the social housing sector through all economic and financial crises.
- ➢ In this sense, it has given this sector a countercyclical role in the French economy.

*Focus: the savings fund provides the same loans characteristics, to everyone, everywhere on the territory. The only differences in the rates and the loans characteristics are based upon public policy purposes: e.g. whether the housing is for fragile population, or whether it serves public policy objectives like green and anti-asbestos loans.*

### 2/ Why this new convention?

The SF resources are very stable but also quite constrained. This is why, although it already had an existing green loan for dwelling refurbishment, the SF had an interest in finding an additional, external resource coming from the EIB. This was useful to meet financial equilibrium constraints and demand from social landlords.

On the other side, the EIB was looking for a promotional bank in France to distribute a resource for green renovation on a small to medium scale (40 k€ to 25 M€).

### *On the resource side: presentation of the 2 bn€ loan*

The two institutions have signed several conventions since 2013, defining various sectors of mutual interventions[1] that I will not develop here.

The last one took place in October 2015 with a signature for a 2 bn€ loan for energy renovation. More precisely, the loan consists in a credit line/refinancing.
It is decomposed into a

- 1.5 bn€ part dedicated to public building and a
- 0.5 bn€ part dedicated to social housing and shelters.

### *On the counterpart side: presentation of the refurbishment loan*

This 500 M€ envelope is used to complete an already existing SF energy refurbishment loan ("ecoprêt"). It is defined at a fixed rate (currently, around 1% for a 20 year maturity, adjusted every month for new loans).
The criteria for attributing the CDC and the EIB loans are exactly the same (i.e. the amount of the loan per dwelling is proportional to the energy gain, with a minimum gain of 80 kwh/m²/year).
Note that they might be completed with an anti-asbestos loans (limited to 10 k€ /dwelling).

The CDC loan is restricted by a ceiling of 16,000 € per dwelling[2].
Two restrictions concern the EIB loan: a limit of 50% of the operation total cost. Additionally, total resources from the EU should be less than 70%.

Three maturities are proposed for the EIB loan: 15, 20 or 25 years.

## 3/ We continue to work with the EIB... and Europe

- The SF has created a new, 1 bn€, "close to equity" loan. This is an *in fine* zero interest rate loan for 20 years, optionally followed by a normal loan (Livret A rate+60 bps) for 10-20 year. Its objective is to get an additional 7 bn€ investment in social housing, equivalent to 150,000 dwellings renovated and 20,000 new dwellings constructed.

  Current discussions are running with the EIB for an additional 1 bn€ resource for this loan.

- Two additional examples of current cooperation around European resources :
  - The SF has recently signed a 150M€ loan with the Council of Europe development Bank (CEB) for young workers housing.
  - In Lorraine: a convention has been signed between the CDC, the Region Lorraine and the social Landlords, in order to make the "ecoprêt" and ERDF (/FEDER) selection criteria coherent.

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[1] Direct investment in health, transport, high speed internet network … and also through CDC branches BPI and SNI.
[2] Average renovation cost is 30 000 €/dwelling. Besides, energy renovation represents 50 % of the total cost.