

Working on social inclusion with the help of EFSI

Experience from the housing sector's perspective

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Agenda

- ▶ About Housing Europe
- ▶ Social Housing sector's experience with EFSI
- ▶ Is there a need for Investment?
- ▶ What should be improved to facilitate investment into social housing?

About Housing Europe

European Federation of Public, Cooperative and Social Housing

- ▶ Established in 1988
- ▶ Network of 43 national and regional federations in 23 countries.
- ▶ Managing over 26 million homes, about 11% of existing dwellings in the EU.



Vision

Access to decent and affordable housing for all in communities which are **socially, economically and environmentally sustainable** and where all are enabled to reach their **full potential**.

European Fund for Strategic Investment



- ▶ An opportunity to **finance quick and cost-effective construction** of new dwellings
- ▶ Long-term investment schemes (as loan)
- ▶ EIB cooperates with national public banks/other agencies

Social housing fits in the criteria

1. economically viable
2. reflects EU priorities
3. has a high risk profile with high socio-economic returns

Investing in fuel poverty and social housing is worth it!



- ✓ In line with the **EU priorities**
- ✓ Increases **employment**
- ✓ Contributes to **low-carbon economy** and **energy independence**
- ✓ **Tackles** public **budget imbalances** and
- ✓ **Reduces inequalities** and social exclusion.

So far 4% of EFSI is allocated for social infrastructure

EIB definition:

‘Building infrastructure to support the transition to community-based services’

Our sector's experience



The EIB is scaling up its support for housing (EIB loan & EFSI)

- ▶ €120 million loan to the **Federal State of Brandenburg** to deal with housing implications of the refugee influx (1st time)
- ▶ € 1 billion EFSI support-7 million smart meters in the UK
- ▶ € 1 billion EIB loan for the construction of new social housing in **Britain**
- ▶ €400 million EFSI support for energy efficiency refurbishment in private residential buildings in **France**
- ▶ €200 million of EIB loan to the **Netherlands**-energy efficient refurbishment and building of 5000 homes.

1st British housing project under EFSI- smart meters to be installed

- ▶ The second largest project under EFSI in the UK
- ▶ Budget: 1 billion GBP (GBP 360 million- EUR 461 million under EFSI)
- ▶ Financing model: the support coming from
 - ▶ The EIB
 - ▶ 6 other commercial banks that will significantly increase the roll-out of smart meters to reduce energy use and help households save money
 - ▶ Roll-out managed by Calvin Capital (a leading funder)
- ▶ Individual meters will be used by customers of energy suppliers
- ▶ Expected job creation: 8800
- ▶ Part of UK Government's plans to install 53 million smart electricity and gas meters by 2020.

1 billion GBP loan for UK social housing

- ▶ £1 billion loan (**30-year**) to Housing Finance Corporation
 - ▶ + 1 billion government guarantee
- ▶ Affordable Housing Finance Programme -construction of new social housing by housing associations

20000 new homes in at least 5 areas (Glasgow, Wigan, Bradford, Cambridge & Scarborough)
70 associations have applied for financing

Scotland: £150 million loan to enhance urban regeneration



EFSI in France (2015-2019)



- ▶ Energy efficiency **refurbishment in residential buildings**
 - ▶ Beneficiary: Legal entities and local authorities
 - ▶ Total Budget: €800 million (€400 million EFSI supported loan)
 - ▶ Ensured by local intermediaries -public and public-private entities and commercial banks)

 - ▶ **Increasing energy efficiency** of 40,000 flats & houses (improving insulation, renovating the heating and ventilation systems).
- Home-owners access: long-term loans and technical assistance +technical/administrative support
 - 6000 job creation during the construction phase, and in the long term energy consumption saving (10,000 households)

New projects in the pipeline

Wales-Housing Finance Grant (HFG2)

- ▶ A Welsh Government commitment of **£9,000,000 revenue over 30 years** to Registered Social Landlords and Local Housing Authorities **to deliver up to 2,000 new affordable homes**
- ▶ HFG2 is designed to help building additional affordable homes.
- ▶ Start date: April 2017
- ▶ Estimated project cost: EUR 300 million (promoter has the intention to apply for EIB financing)
- ▶ Grant scheme: the organisations borrows 100% of the capital cost of funding housebuilding projects; HFG reimburses them with 58% of the borrowing costs over 30 years.



New projects in the pipeline

250 million eur to Lisbon to become the 1st EU municipality to receive direct support from EFSI

- ▶ In the frame of its Urban Renewal Strategy: one of the focus is social housing
 - ▶ social inclusion to help migrants & vulnerable local residents
 - ▶ guarantee and EIB funds -30 years
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- ▶ **renovation of existing social housing and the construction of new accommodation**
 - ▶ energy efficiency measures to mitigate the impact of climate change



However, some issues slow down the procedure

- ▶ The lack of clarity of deficit rules
- ▶ Some countries are more successful than others
- ▶ The lack of housing projects funded despite the EIB encouraging proposals from the sector
 - ▶ Fear of private investors



Big structural challenges

- ▶ High **social needs** in Europe
 - ▶ 22 million European households are cost overburden;
 - ▶ number of people on the waiting lists; gap between demand and supply; increasing homelessness

We need

- ▶ Stable and regulated governance
- ▶ Investments should **target local projects of the civil sphere**
- ▶ **Flexible** and **faster** funding procedure (low-cost capital funding)
- ▶ Deliver significant added value to the sector so it can generate the multiple **socio-economic benefits**
- ▶ Prioritize result-oriented approach



Is EFSI 2.0 going into that direction?

EC Proposition:

- ▶ to **extend the duration** of EFSI
- ▶ introduction of EFSI **technical enhancements** and for the Advisory Hub
- ▶ to **earmark 40%** of EFSI for **infrastructure and innovation** for projects in line with COP21 commitments

EFSI should equally target the social and economic cohesion.



Thank you for your attention!



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