



# **EU funding for energy efficient renovation of multi-apartment buildings**

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# Which tools?

## Structural Funds



## EFSI



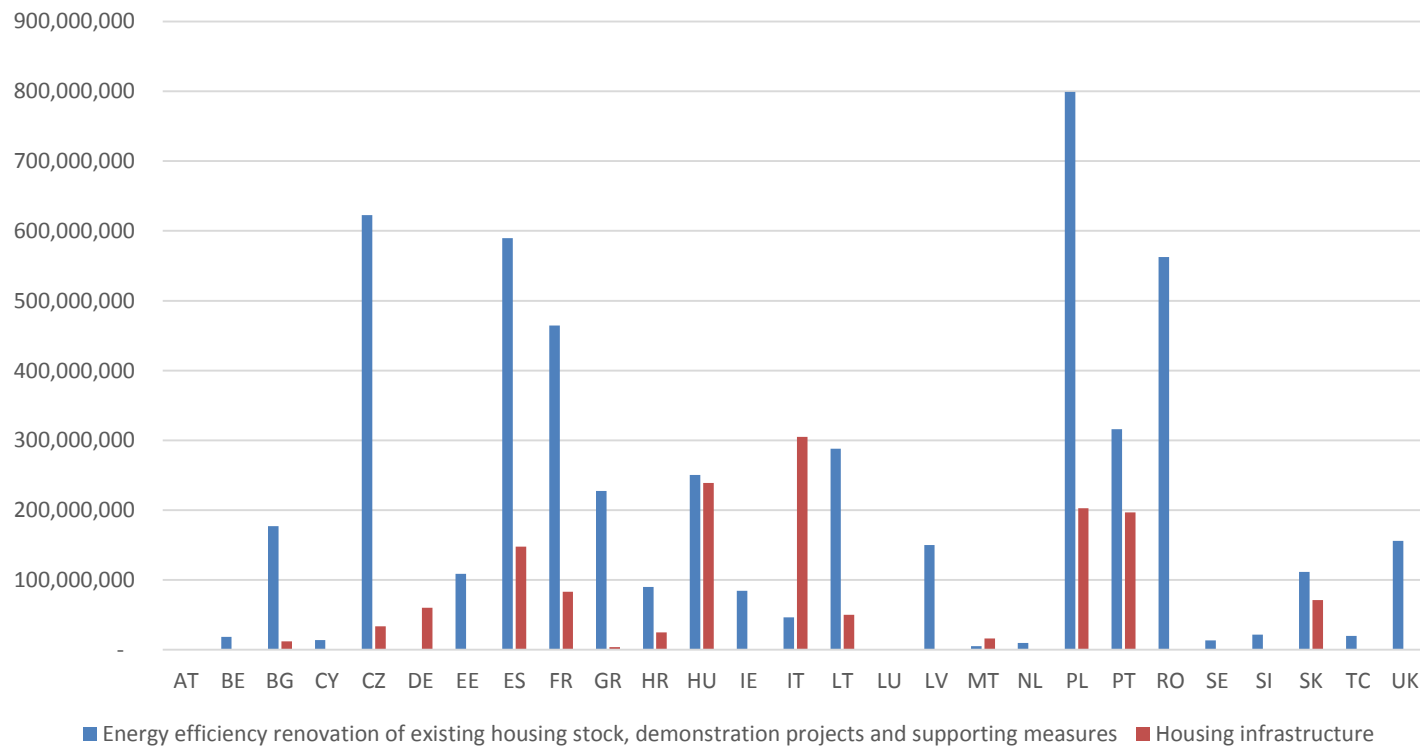
European Fund for Strategic Investments →

## EIB loans, ELENA



# Structural Funds 2014-2020

- ✓ A larger budget for housing (in total about **€6,6 billion**)
  - **€5,15 billion** under the expenditure 'energy efficiency renovation of the existing housing stock, demonstration projects and supporting measures'
  - Expenditure 'housing infrastructure' appears with **€1.44 billion** in total: 14 MS foresee this type of expenditure. Biggest amount is foreseen by IT, HU, PL, PT.



# Structural Funds 2014-2020

- ✓ 88 % is grant; 12% is financial instruments (mostly loan)
- ✓ Allocation even under INTERREG, UIA
- ✓ Allocating 25%– more than € 114 billion - to climate change **mitigation/adaptation**
  
- ✓ Possibility of **combination of funds** such as in the case of:
  - ESF/ERDF-Estonia
  - ERDF/EFSI in Estonia- EstFund invests in several risk capital funds
  - ESF/FEAD in Italy

More info at your Managing Authorities or at:

<http://www.housingeurope.eu/resource-557/structural-funds-housing-in-2014-2020>

# First innovative practices

29 Project examples from 18 countries

Other 10 countries- lack of allocation, calls will be launched later, lack of capacity to develop projects

## **Affordable housing and ERDF**

- Energy efficiency-10 projects
- Housing for marginalised communities (Roma, refugees,)-4 projects
- Housing and digital inclusion-1 project
- The demographic challenge (demographic evolution, healthy ageing, etc)-4 projects



***LT** - “Jessica II” Fund for Multi-apartment building modernisation*

***ES**- Sustainable Construction Programme*

***IE**- National housing assistance schemes to tackle energy poverty*

***BU**-New housing for disadvantaged children*

***PL** -Construction of internet access*

***CZ**-Transformation of industrial buildings to affordable housing*

***PL**- affordable housing for university graduates*

***CZ**- Informational Support for social housing*

***SW**- Promoting wider recruitment in the construction sector*

***FI**- Development of Preventive measures across sectors (Homelessness)*

***IT**-combining ESF and Fead to help social inclusion of homeless*



## **Affordable housing and ESF**

6 projects

# Implemented projects

## Estonia (2014-2020)

- creation of a Loan Fund for renovation of multi-apartment buildings (2009)
- **National banks, CEB, ERDF**
- From 2014: scheme is combined with **project development assistance + performance based grants**.
- Beneficiaries: Housing associations



## Lithuania

- €268 million
- Modernization of 37 000 multi-apartment buildings
- Beneficiaries: Housing associations handling the buildings
- 3 new funds: **Jessica II (€150 m), Multi-Apartment Building Modernis. Fund (MBMF-€30 m) & the Energy Efficiency Fund (ENEf-€79 m)**.
  - MBMF and Jessica II: attract large private investments.
  - ENEF: new instrument to give loans for modernisation.

## Bulgaria (2010-2015)

- Refurbishing its most energy voracious districts
- €25 million (75 % by ERDF) to be utilized on national level
- Building insulation, improved connections to district heating.
- **ERDF covers 75%** of the refurbishment costs- **home owners 25%**.
- Residents have access to **low-interest loans & bank guarantees**

# Implemented projects 2

## Italy (2015-2018)

- €15 million assistance for **energy investments in 622 private and public social housing dwellings**
- Mechanism: Project development assistance
- **combines different financing instruments:** ERDF, National financing, National incentive “Conto termico” and loans
- Two social housing associations: ACER Reggio Emilia and ACER Parma.
- Develops an innovative and aggregated sustainable energy investment scheme.



## “Los Limoneros” (Malaga, Spain)

- Retrofitting- focused on the improvement of the energy efficiency and comfort levels for the residents.
- Investment for energy retrofitting of **less than 30.000 Eur/dwelling**.
- Co-financed by the 75% ERDF and 25% from the City Council.

# INTERREG



**30 407648,16 €** to ‘**energy efficiency renovation** of public infrastructure’.  
**16383756,4€** is allocated for the **renovation of existing housing stock**.

**Aims** to improve urban environment by focusing on cross-border cooperation

## **Relevant priorities:**

- Sustainable use of common resources (social innovation and low-carbon economy)
- Well-connected region
- Skilled and socially inclusive region

**Budget:** from ERDF

## **2 relevant sub-programmes:**

- URBACT (addresses urban challenges)
- ESPON (research)



# Regional policies towards Greening Social Housing



- Tackling the housing deprivation with **regional policy instruments**
- Making the link between social housing and fuel poverty with **green building interventions**
- Interregional learning process: share & transfer innovative methodologies (study visits, workshops, etc.)

- Socialgreen Budget: € 1 188 758
- 1 April 2016-31 March 2021
- 8 partners from 6 countries
  - Portugal, Spain, Croatia, Estonia, Sweden, Romania
- One advisory partner: Nordregio -Nordic Centre for Spatial Development (Sweden).

# Urban Innovative Actions

- to encourage innovations in cities
- Financed by ERDF (EUR 371 m)

## What is UIA for housing?

- Housing associations can work with cities as partners OR
- Some housing providers (HLM in FR, Sozialwohnungsgesellschaften in DE) also enter in the “City agencies” definition
- The project should be at least endorsed/supported by the city
  - The application form requires contact details of the official from the city/city’s agency

**Call launched:** Dec 2017 (Housing, Climate adaptation, Air quality, Jobs and skills)

**Eligible cities:** more than 50 000 inhabitants (or smaller cities submitting a joint-bid)

**Project budget:** Max € 5 m (co-financing rate of maximum 80%)

**Project duration:** Max 3 years

**Nature of projects:** Studies or pilot projects.

*Viladecans (Spain)- deep energy renovation (50 dwellings) from a more local, participative and more inclusive way*

<http://www.uia-initiative.eu/en/uia-cities/viladecans>

# Horizon 2020

## **€ 6,5 bn grant to the 'secure, clean and efficient energy'**

-> available to support energy efficient buildings, heating and cooling

### Current Calls

#### **Societal challenge** (deadline: Apr 2018)

[Adaptive smart working and living environments supporting active and healthy ageing](#)

[Large scale implementation of digital innovation for health and care in an ageing society](#)

[Supporting investment in smart living environments for ageing well through certification](#)



**Consortium: min. 3 partners**  
**Indicative budget : max 1,5-2 m €/project**

### **Low-carbon, climate resilient future: Climate action in support of the Paris Agreement**

- [Resilience and sustainable reconstruction of historic areas to cope with climate change and hazard events](#) (27 Febr 2018 & 2nd stage 4 Sept 2018)

### **Greening the economy in line with the Sustainable development Goals (SDGS)**

- [Demonstrating systemic urban development for circular and regenerative cities](#) (27 Febr 2018, 2nd stage: 4 Sept 2018)
- [Strengthening international cooperation on sustainable urbanisation: nature-based solutions for restoration and rehabilitation of urban ecosystems](#) (19 Febr 2019 & 2nd stage 4 Sept 2019)
- [Visionary and integrated solutions to improve well-being and health in cities](#) (19 Febr 2019 & 2nd stage 4 Sept 2019)
- [Towards operational forecasting of earthquakes and early warning capacity for more resilient societies](#) (27 Febr 2019 & 2nd stage 4 Sept 2019)

# BUILDING A LOW-CARBON, CLIMATE RESILIENT FUTURE: SECURE, CLEAN & EFFICIENT ENERGY

## Energy poverty

- [Mitigating household energy poverty](#) (4 Sept 2018)
- [Mitigating household energy poverty](#) (3 Sept 2019)

## Innovative renovation

- [Decarbonisation of the EU building stock: innovative approaches and affordable solutions changing the market for buildings renovation](#) (4 Sept 2018)
- [Decarbonisation of the EU building stock: innovative approaches and affordable solutions changing the market for buildings renovation](#) (3 Sept 2019)
- [Enabling next-generation of smart energy services valorising energy efficiency and flexibility at demand-side as energy resource](#) (4 Sept 2018)
- [Integrated home renovation services](#) (4 Sept 2018)

## PDA

- [Aggregation - Project Development Assistance](#) (4 Sept 2018)

## Skills/innovation in the construction sector

- [Stimulating demand for sustainable energy skills in the construction sector](#) (3 Sept 2019)
- [Upgrading smartness of existing buildings through innovations for legacy equipment](#) (3 Sept 2019)
- [Smart Cities and Communities](#) (5 Apr 2018)

More info at our website: <http://www.housingeurope.eu/section-79/horizon-2020>

Contact: [EASME-ENERGY@ec.europa.eu](mailto:EASME-ENERGY@ec.europa.eu)

# Horizon 2020



## STORM (*Sweden-Netherlands*)

- Innovative district **heating & cooling network controller**
- Increasing the use of waste heat and renewable energy sources
- €2 m -2 demonstration sites

## BEEM-UP (*Sweden-Netherlands, France*)

- Demonstrate the **economic, social and technical feasibility** of retrofitting
- Drastically **reducing the energy demand** in existing residential multi-family buildings
- Obtain **better indoor comfort conditions**, lay the ground for massive market uptake

3 demo sites – **Alingsås**, Delft, and Paris

### Success factor:

- continuous dialogue with the tenants
- A showroom apartment as an open house for the tenants of the housing complex

# Profitability for energy efficiency measures?

- EU grants to finance renovation projects
- Challenge: yield a socio-economic and commercial return

## Example

An FTX system increases the energy performance of a building.

However, installing an FTX system in a building not designed for such a system is costly.

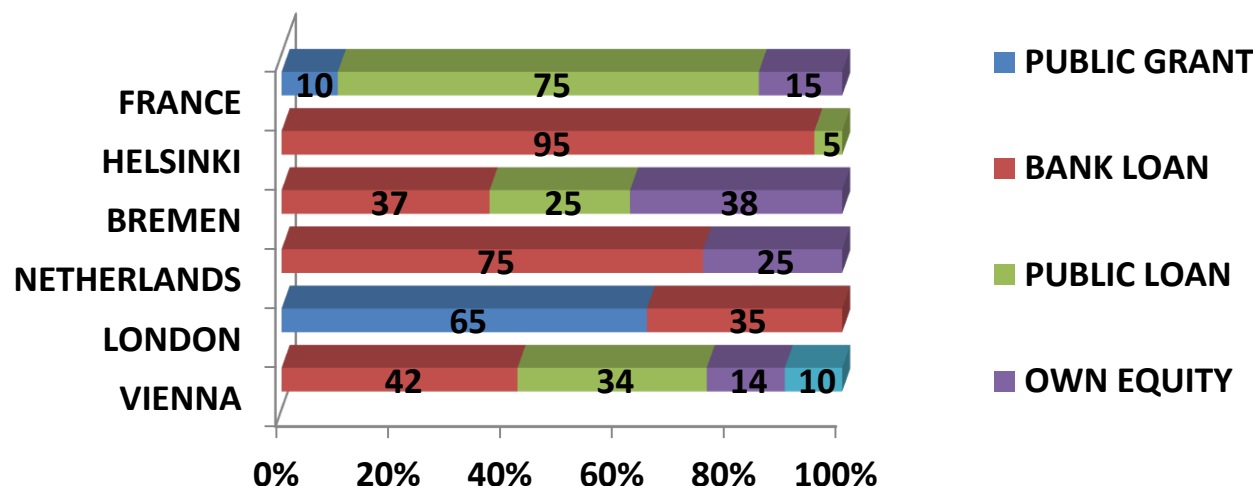
The cost

- cannot generate a return through reduced energy costs
- cannot be covered by rent increases

**Targeted support at this profitability gap is needed**

# Alternative systems to fill the gap

Financing structure of SH operations



- Good examples from non-EU Members
  - Switzerland, Norway, Turkey, Armenia
- Guarantees, tax exemptions, rent setting according to cost, housing benefits, lands at discounted rates
- EIB, EFSI has a role to play
  - Increasing the support for social infrastructure
- CEB, EBRD loans, Cooperative-ethical banks

# EIB lending

€ 85 bn allocated annually to energy efficiency

Social and affordable housing is one of the EIBs priorities

## EIB loan

- Loan support (50 % co-financing)
  - Directly from 25 m of costs
  - Indirectly through local financial intermediaries
- Financial intermediaries
- Application: [eib.org/projects](http://eib.org/projects)

## ELENA

- Helps cities/regions achieve energy efficiency potential
- Technical assistance for structuring/ implementing projects
- Apply through EIB
- Covers up to 90 % of costs

## Juncker Plan (EFSI)

- Help overcome the EU investment gap by mobilising private financing
- For quick and cost-effective construction/renovation
- Loan, guarantee, equity (50 % co-financing)
- Cooperation with national public banks/other agencies
- EFSI 2.0 –Is 40% for infrastructure/innovation in line with COP21



# France (2015-2019)



- Energy efficiency refurbishment in residential buildings
  - 40,000 flats and houses (insulation, heating and ventilation systems)
- Beneficiary: Legal entities and local authorities (Final beneficiaries homeowners and homeowner associations)
- €800 million (€400 million EIB loan ensured by local intermediaries such as public, public-private entities & commercial banks)
- Home-owners access: **long-term loans and technical assistance +technical and administrative support**
- 6000 job creation during the construction phase, and in the long term energy consumption saving

More info: <http://www.eib.org/projects/pipeline/2015/20150188.htm?lang=en>

# InnovFin in Armenia

Lending	Blending	Advising
Loans But also Guarantees (trade financing) Equity participation	Higher risk projects for innovation (InnovFin)  Combining EIB finance with EU budget	Prepare, evaluate and support the implementation of projects  Support for public/private partnerships

Joint initiative launched by the EIB & the European Commission under Horizon 2020.  
Open Call for Expression of Interest until 30/09/2020.

**Area of intervention:** InnovFin is available across all eligible sectors under Horizon 2020 (including energy efficient construction/refurbishment, use of renewable energy)

**Debt and equity financing** by 2020.

**Budget:** InnovFin is expected to make over EUR 24bn



# European Fund for Strategic Investment



## Project criteria

1. should be economically viable
2. reflect EU priorities
3. have a high risk profile with high socio-economic returns

- Applications continuously from all across the EU
- European Investment Project Portal: for EU project promoters who can show their projects to potential investors
- Criteria of admitting a project to the Portal:
  - have a minimum size of €10 million
  - falls under the EFSI
  - be expected to start within 3 years from submission to EIPP
  - the project promoter should be a legal entity established in a MS

# EFSI + ERDF

## France- Picardie Pass Renovation (2014-2025)

- thermal renovation in 2000 private dwellings in the region.
- Budget: €63 million (from EFSI, ERDF and ELENA)
- Public Service for Energy Efficiency (PSEE) focuses on a self-regulated economic model.



The model allows the ability to:

1. owners get a free energy audit
2. Personalised work plan with construction firms for individual owners
3. The owners pay 300 eur at the beginning and then pay in instalments (from 50 % to 75 % on energy consumption)
4. carry out the renovations, monitoring the work

1000 contracts signed so far.

# Project in the Netherlands (2016-2020)



Beneficiary: Portaal Housing Corporation


Total Budget: €200 million of EIB loan

Involves nearly 5 000 homes



- **First time that the EIB has entered into an agreement with a housing corporation.**
- Activities: energy efficient refurbishment and build new energy-neutral homes.
- The programme consists of more than 40 small-scale sustainability projects in the regions where Portaal operates

# Lisbon, the 1<sup>st</sup> EU municipality to receive EFSI direct support

- In the frame of its Urban Renewal Strategy: one of the focus is social housing
  - social inclusion to help migrants & vulnerable local residents
  - 250 million eur
    - guarantee and EIB funds -30 years
  - Expected job creation: 133 + 10
- 
- 
- **renovation of existing social housing and the construction of new accommodation**
  - energy efficiency measures to mitigate the impact of climate change
  - Involved housing association: Gebalis

# Affordable housing construction in Poznan

## Particularity: no financial intermediary

→ **direct loan to a social housing association** (POZNANSKIE TOWARZYSTWO BUDOWNICTWA SPOLECZNEGO SP ZOO).



- Will be used for the **construction of up to 1300 affordable residential units in Poznan.**
- Nature of finance: loan from EFSI PLN 147 million (EUR 33 million) out of the total PLN 294 million (EUR 66 million)



# Setting up an investment platform for social and affordable housing

- EFSI financing: €95million out of the total €496 million
- Agreement between the EIB & Bank Gospodarstwa Krajowego (BGK), the Polish development bank
- Set up an investment platform supporting social and affordable rental housing projects **in different municipalities across Poland until 2021**
- Construction/retrofitting
- Eligible: municipal authorities and registered social and affordable housing providers, such as non-profit housing enterprises (TBS)



## 3 Pillars:

- I. the National Programme for Support of Social Housing (and receives EIB support EUR 190m)
- II. individual loans EUR 95m by EFSI
- III. BGK own funds –intermediated loans



# CEB loan

- Often finances **affordable housing for vulnerable populations**, including large families, young or low-income people, **refugees**
- Eligible: construction/refurbishment of housing, conversion of existing buildings for residential use in order to provide decent and affordable housing
- **Application:** you should cooperate with the Ministry of Finance

## NEW! Portugal

- Rehabilitating run-down neighbourhoods and ensuring affordable housing
- A €15 million loan
- Eligible: housing units built more than 30 years ago, located in urban rehabilitation areas



# More opportunities



- helps cities/regions achieve energy efficiency potential by **providing technical assistance** for implementing projects
- Application through EIB
- Covers up to 90 % of costs



- **Financing efficiency measures** in residential and public buildings and investments in public transport
- Civil Society Engagement Unit



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