

The future EU funding for energy efficient renovation



Sorcha Edwards
Secretary General of Housing Europe
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About us in brief

Network of national and regional housing provider federations

- 4,500 public, voluntary housing organisations
- 28,000 cooperative housing organisations

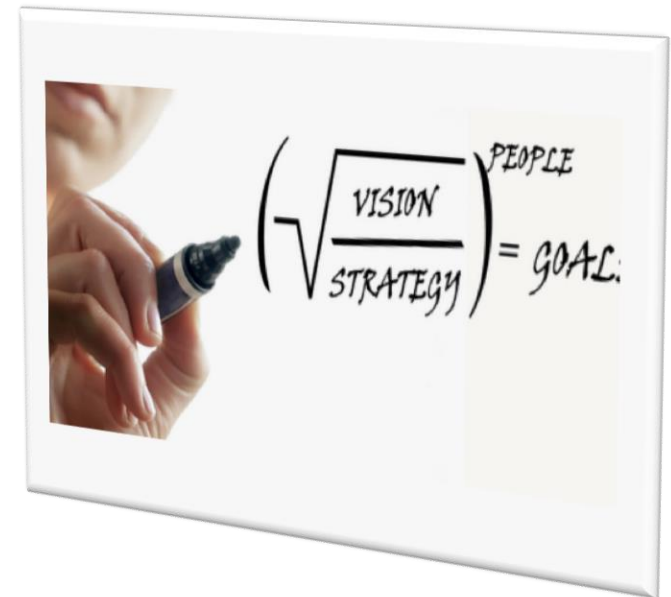
45 members in 24 countries (19 EU Member States)

Manage 26 million dwellings, about 11% of existing dwellings in the EU



Our Vision, our guide

- We, not-for-profit, public and co-operatives housing providers, have a vision of a Europe which provides 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.
- We provide housing for socially sustainable neighborhoods.



Increasing EU funding

- **Cohesion Policy 2014-2020 (€6.6 bn to housing)**
 - €5.24 billion (more than 79 %) goes for energy efficiency renovation of existing housing stock, demonstration projects and supporting measures.
- **Strengthened EIB support (in total €7.06 bn (2011-2016) to social housing)**
- **Emerging Impact Bonds**
 - **NL:** 7-year EUR 1.5 billion and a 15-year EUR 500 million inaugural Affordable Housing Bond by NWB Bank
 - **UK:** residential property fund launched in 2013 to acquire 1-2 bedroom flats, leasing them to St Mungo's to make available to homeless people
 - **FI:** Social impact bond-Epiqus is helping solve pressing social or environmental challenges
 - **UK:** OurPowerEnergy-The first social impact bond to finance energy transition services

Challenges in Portugal

From the providers side

- Not enough sector specific information -Lack of trainings on the use of ESIF
- Lack of involvement of the local level in the preparation of OPs
- Pre-financing often not available

Feedback from the Commission

- Affordable housing renovations is a difficult investment to carry out:
 - **Scattered nature of the sector**
 - The **aid intensity** (State aid rules) is low and is not worth the administrative cost.

BUT, Potential to upscale

- Integrated urban development
- Combining ERDF with ESF to train housing managers and tenants
- Schemes to tackle energy poverty
 - **Estonia**-Kredex schemes, **Lithuania**- Jessica II” Fund, **Ireland**-*Better energy Warmer homes scheme*

To tackle...We need...

- **Available Sector specific information/Trainings** for beneficiaries on the use
- More **peer-to-peer**
- **Real involvement of the local level** in the preparation of Partnership Agreements, OPs
- **Pre-financing options** (for smaller projects)
- **Monitoring**: focusing on social impact
- **Simplification** (CSOs)
- **Combination possibilities** with other Funds
- **Flexibility to react to crisis situations** (migration, earthquake)

Current legislative framework on energy

Directive 2010/31/EU on the Energy Performance of Buildings (EPBD)
(as revised by Directive (EU) 2018/844)

Stronger **long term renovation strategies** for Member States, aiming at decarbonisation by 2050 and with a solid financial component.

Requirements for the deployment of **e-mobility** infrastructure in certain buildings' car parks.

A **smart readiness indicator (SRI)** for buildings

Reinforcement of **building automation**: additional requirements on room temperature level controls, building automation and controls and enhanced consideration of typical operating conditions.

Enhanced **transparency** of national building energy performance calculation methodologies.

EPBD: from the Commission proposal to the final text



Directive (EU) 2018/844 (amending Directive)

https://eur-lex.europa.eu/legal-content/EN/TXT/?toc=OJ%3AL%3A2018%3A156%3ATOC&uri=uriserv%3AOJ.L_.2018.156.01.0075.01.ENG

Consolidated version of the Directive 2010/31/EU

<https://eur-lex.europa.eu/legal-content/EN/TXT/?qid=1537534372272&uri=CELEX:02010L0031-20180709>

Transposition deadline : 10 March 2020

Making sure the 2021-2027 period delivers on climate objectives



The Ultimate goal

- Guarantee cities which are accessible and affordable housing for all
- More sustainable, efficient and decentralised energy
- And neighbourhoods where people feel secure and where they can reach their full potential (integrated approach)



How to do it concretely?

Affordable energy to All

- Role of **local partnerships** with energy companies, construction sector, housing providers, tenants
- **Training** for housing staff and residents.
- Involving **citizen-consumers** is key to unlocking the full potential of every green energy transition strategy.

Need for dedicated housing policies

- A **supply of adequate and affordable housing** through a **variety of tenures** to increase the **social mix** in local communities.
- Urgent improvement of the building renovation supply chain and promotion of **business models** which are effective and affordable.

Smart financing

- Adequate **finance** for energy efficiency: strengthen conventional and alternative ways to provide long-term low-cost capital for the renovation of social housing

Our proposed amendments-ERDF

Article 2 -Specific objectives for the ERDF and the Cohesion Fund

- **including in the public buildings and housing sector;** when talking about promoting energy efficiency measures
- **promoting digital tools in sustainable urban development**
- **increasing access to affordable and quality social services, including access to social housing or housing assistance for those in need**

Article 6 -Exclusion from the scope of the ERDF and the Cohesion Fund

- To **delete** the paragraph on the exclusive support of Cohesion Fund for energy efficiency or renewable energy use.

Voted ERDF Report in EP



Position of EP

- EP calls for **synergies with ESF+**, especially to promote social inclusion
- 30 % of ERDF to **climate objectives**
- taking into account **local differences** when designing OPs
- stronger role of ERDF and CF in **social & territorial cohesion**

In the Council we call for

- Promotion of energy efficiency measures ***in housing, public buildings and SMEs;***
- Improving ***equal*** access to inclusive and quality services in education, training and life long learning ***and sport*** through developing ***accessible*** infrastructure ***and services;***
- Cohesion Fund shall not support investment in housing unless related ***to social housing, preserving cultural heritage,*** the promotion of energy efficiency or renewable energy use.

Voted CPR Report in EP

Co-financing rates

- 50%, 65% and 85% (see Art. 106 - paragraph 3) instead of 70%, 55%, 40% proposed by EC

Strengthening the partnership principle

Transfer of resources

- From 2023, Member States may allocate up to **2% of ERDF, the ESF+, the Cohesion Fund and the EMFF to be contributed to InvestEU.**

Flexibility in SGP

- *Member States may make **in a duly justified case a request for further flexibility** within the current framework of Stability and Growth Pact for the public or equivalent structural expenditure*



What did EFSI deliver so far?

Priorities

- Risk greater than generally accepted by the EIB
- Stimulus to other investors to come in
- Scale (> than 25 million or suitable intermediary) and co-financing (50%)
- **can support parts of projects** which are not eligible under Structural Funds but which are part of a bigger investment

One Portuguese Project

Lisbon- Urban renewal Plan: renovation of existing social housing and the construction of new accommodation (€250 m)

- **renovation** of existing social housing and the **construction** of new accommodation, (energy efficiency measures to mitigate the impact of climate change)
- Expected job creation: 133 + 10
- Involved housing Agency: Gebalis

InvestEU 2021-2027



InvestEU should be **consistent with the sustainability principles** according to EU commitment to SDGs and to Paris Agreement;

Positive results so far in text:

- Importance of **social resilience**, social and territorial cohesion
- Social housing, social services and social infrastructure & need of social impact investment as necessary sectors to invest in
- **30% to climate commitments**
- Investment guidelines, sustainability proofing
- Each Window should address market failure
- Ethical and **sustainable finance**: mentions **social and student housing**
- Proposing to **exclude the contribution by Member States** to Member States' compartments **from the SGP**

What's next?

- Council: Member States to define their position (priorities)
 - **Every general Council will discuss the budget**
- Aim: to finalize the discussions until Autumn 2019

June/Sept 2019: start of drafting of PA and OPs



**HOUSING
EUROPE**

www.housingeurope.eu

info@housingeurope.eu

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