

Housing renovation. What's the matter in Europe?

24th November, 2020

Sorcha Edwards
Secretary General of Housing Europe





The European Federation for Public, Cooperative and Social Housing

For more than 30 years the voice of the housing sector in Brussels working for Decent Housing for All - A member of the European Urban Housing Partnership for better regulation, finance and knowledge on housing in Europe - Driver of a Fair Green Transition in Europe

PANEL 2. 24th of November. FINANCING A LOCAL RENOVATION PROGRAM

Housing renovation. What's the matter in Europe?

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Housing diversity

- **Social housing** – typically rental housing at below market prices
- **Affordable housing** – typically below, but closer to, market rents or housing built to be sold at an ‘affordable price’
- **Cooperative housing** – owned and managed by residents groups or non-profit groups

THE SHARE OF SOCIAL HOUSING

Austria	24%	Italy	4%
Belgium	7%	Netherlands	30%
Czech Rep	8%	Poland	8%
Denmark	21%	Portugal	2%
Estonia	2%	Slovenia	6%
Finland	13%	Spain	3%
France	15%	Sweden	19%
Germany	4%	UK	18%
Ireland	9%		

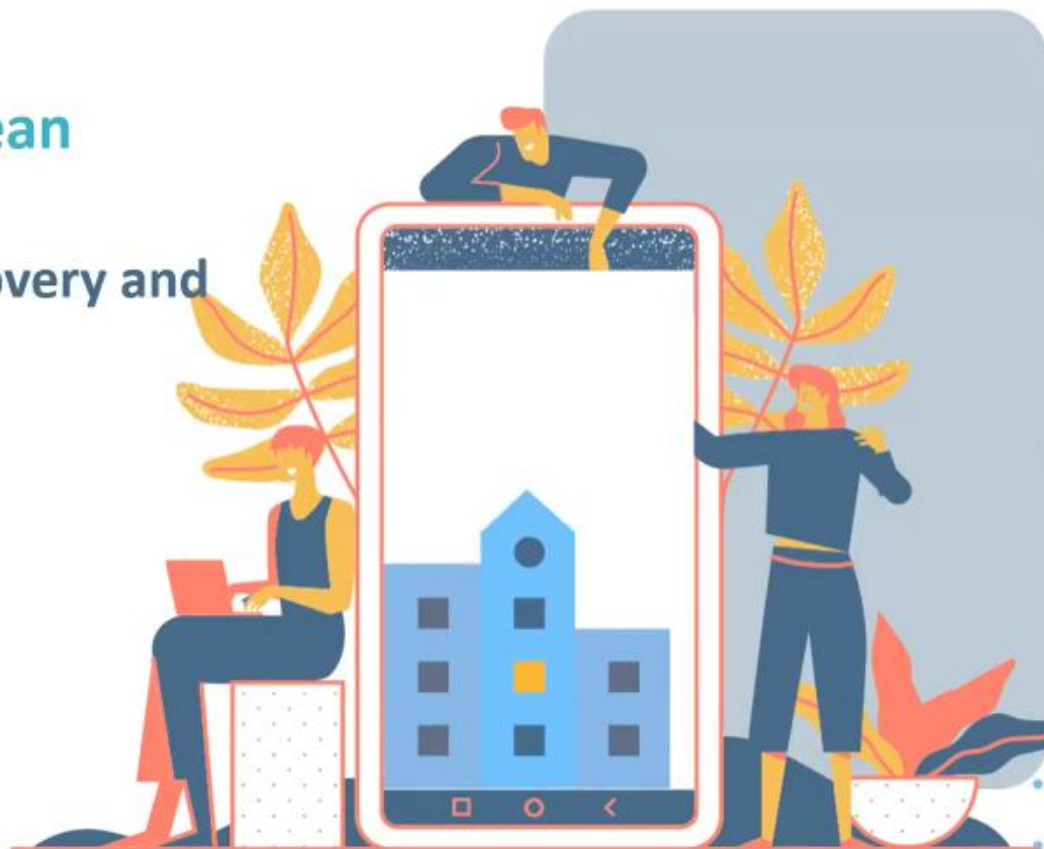


Key Figures on Housing Europe

- **43,000** local housing organisations
- **24,936,000** dwellings
- roughly **200,000** new dwellings completed each year
- at least **200,000** dwellings refurbished each year...and rising
- over **€50bn** in new investment per year - aiming to spend **€35b** for new buildings and **€23b** for renovation and maintenance,



The plan for European recovery (NGEU) And the National Recovery and Resilience Plans



| The plan for European recovery

A new recovery instrument of €750 billion

Aim:

addressing the consequences of the COVID19 & to set the Union firmly on the path to a sustainable and resilient recovery

Works as:

- an Insurance tool: Looking at the GDP growth (the Commission measured the severity of the pandemic's economic shock)
- a Redistribution tool from richer to poorer countries: countries with lower GNI per capita get much more support.



| The plan for European recovery: €750 billion

Pillar 1	Pillar 2	Pillar 3
<p>Instruments to support Member State efforts to recover, repair and emerge stronger from the crisis:</p> <ul style="list-style-type: none"> ○ Recovery and Resilience Facility (RRF) EUR 560 billion of which loans EUR 310 billion of which grants EUR 250 billion ○ ReactEU: EUR 55 billion ○ Rural Development: EUR 90 billion ○ Just Transition Fund: EUR 40 billion 	<p>Measures to boost private investment and support ailing companies:</p> <ul style="list-style-type: none"> ○ Solvency Support Instrument EUR 31 billion ○ InvestEU EUR 16,6 billion ○ Strategic Investment Facility EUR 15 billion 	<p>Reinforcement of key EU programmes to draw the lessons of the crisis and make the single market stronger and more resilient and accelerate the twin green and digital transitions:</p> <ul style="list-style-type: none"> ○ Health programme EUR 9,4 billion ○ RescEU EUR 3,1 billion ○ Horizon Europe EUR 94.4 billion ○ Neighbourhood, Development and International Cooperation EUR 86 billion ○ Humanitarian Aid EUR 14,8 billion
<p>In Total:</p> <p>405 billion of grants</p> <p>250 billion of loans</p>	<p>In total: 56.3 billion available according to the needs (provisioning for guarantees)</p>	<p>In total: according to the needs -38.7 grants of which 10.5 provisioning for guarantees</p>

| Recovery and Resilience Facility

Who does what?

Member States shall prepare **National recovery and Resilience Plans** that will benefit from the Facility

For the years 2021-2023.

-Negotiated between the national governments and the Commission (started)

-Submission to the Commission: Jan- April 2020

-Analysis of the Commission within two months

-Approval by the Council.



| Recovery and Resilience Facility

Direct management of the Commission with the central governments as beneficiaries.

Member States

The national governments are responsible (Ministries) for negotiation, submission and execution of the Plans

Commission

Task force created in August: RECOVER

-under the Secretariat General

-In close collaboration with DG ECFIN (Country Desks) to decide which projects will be eligible to receive the funds in each country.

-DG REGIO should check the overlaps with Structural Funds.

-A Steering Board chaired by President Ursula von der Leyen will play a political role.

The list of RECOVER advisors name can be found [here](#)

Recovery and Resilience Facility

Budget (3 parts)

Grant allocations (€ billion at 2018 prices)

Austria	3,17
Belgium	4,99
Bulgaria	5,91
Croatia	5,22
Cyprus	1
Czechia	5,69
Denmark	1,79
Estonia	1,13
Finland	2,4
France	50,66
Germany	47,18
Greece	16,69
Hungary	6,09
Ireland	1,53
Italy	84,86
Latvia	1,96
Lithuania	2,63
Luxemburg	0,26
Malta	0,3
Netherlands	6,43
Poland	26,82
Portugal	11,54
Romania	13,67
Slovakia	5,52
Slovenia	1,73
Spain	71,28
Sweden	3,95
Total	384,4

Guarantee allocations ((€ billion at 2018 prices)

Austria	0,09
Belgium	0,17
Bulgaria	0
Croatia	0,02
Cyprus	0,01
Czechia	0,02
Denmark	0,03
Estonia	0
Finland	0,07
France	1,19
Germany	0,85
Greece	0,21
Hungary	0,03
Ireland	0,09
Italy	1,66
Latvia	0
Lithuania	0,01
Luxemburg	0,003
Malta	0,001
Netherlands	0,15
Poland	0,03
Portugal	0,09
Romania	0,03
Slovakia	0,01
Slovenia	0,01
Spain	0,73
Sweden	0,08
Total	5,6

Recovery and Resilience Facility

Loans € 360 billion

	Interest rates (% per y)			Spread to ESM (%per year)			Net present value gain, loans from the EU (% GNI)
	10 y	20 y	30 y	10y	20y	30 y	
European Stability Mechanism	-0,153	0,29	0,314				
EIB	-0,331	0,126	0,268	-0,178	-0,164	-0,046	
Austria	-0,143	0,141	0,363	0,01	-0,149	0,049	-0,11%
Belgium	-0,049	0,408	0,688	0,104	0,118	0,374	0,12%
Cyprus	0,999	1,443	1,83	1,152	1,153	1,156	0,95%
Estonia	NA	NA	NA				
Finland	-0,185	NA	0,291	-0,032		-0,023	
France	-0,04	0,372	0,684	0,113	0,082	0,37	0,11%
Germany	-0,435	-0,151	0,043	-0,282	-0,441	-0,271	-0,41%
Greece	1,284	1,575	NA	1,437	1,285		
Ireland	0,133	0,435	0,736	0,286	0,145	0,422	0,18%
Italy	1,434	1,145	2,41	1,587	1,855	2,096	1,32%
Latvia	-0,024	0,315	0,621	0,129	0,025	0,307	0,07%
Lithuania	0,331	NA	NA	0,484			
Luxemburg	-0,194	0,08	0,037	-0,041	-0,21	-0,277	-0,29%
Malta	0,724	1,221	1,297	0,877	0,931	0,983	0,69%
Netherlands	-0,234	NA	0,08	-0,081		-0,234	
Portugal	0,556	0,995	1,361	0,709	0,705	1,047	0,63%
Slovakia	0,05	NA	NA	0,203			
Slovenia	0,397	0,933	1,021	0,55	0,643	0,707	0,47%
Spain	0,581	NA	1,414	0,734		1,1	
For non euro countries							
Bulgaria	0,652	NA	NA	0,805			
Croatia	1,004	NA	NA				

Not so interesting for those having already a good access to the financial markets (Finland, Denmark, Austria or Germany)

| Recovery and Resilience Facility

Allocation logic

- 70% of the grants provided shall be committed in 2021-2022. The remaining 30% in 2023.
- Unemployment criterion *is replaced by the loss in real GDP* -- The larger the country, the larger the euro value of the GDP fall. Germany & France will get bigger amount of grants because of this GDP criterion.
- Central European countries would obtain less in guarantees as a share of their GNIs because their economic contraction is forecast to be less severe
- Loans can only be used for recovery, the maximum loan for each state cannot exceed the total cost of the agreed reforms, minus the amount of grants received.

| Recovery and Resilience Facility

Conditions for Payments to Member States

- Payment linked to performance: The Commission will authorise disbursements based on the achievement of the agreed milestones and targets up to the deadline (2026). Payments every 2 years.
- Non-implementation: In case of a non-implementation of agreed reforms and investments or a policy reversal within the implementation period, the **Commission may not authorise further disbursements.**
- State Aid: State aid rules fully apply **unless they comply with exemption**

| Recovery and Resilience Facility

Link to the National energy and climate Plans (NECP):

- NECPs are expected to highlight their specific parts that could support the recovery of the EU economy.
- Priorities overlap with those of the Recovery and Resilience Facility, in particular on the green transition: ***building renovation and affordable, energy-efficient housing, deployment of renewables,...***
- Member States should provide indications in their Recovery Plan on how they will ensure consistency and complementarity with NECPs.

| Recovery and Resilience Facility

Content of the Recovery Plans (2)

- Economic and social impact: budgetary, economic, employment and social effects of reforms and investments
- Example: GDP, Inflation/wages, employment, unemployment, labour force participation, the social situation, including poverty or social exclusion and inequality risks (Social Scoreboard accompanying the European Pillar of Social Rights)
- Sustainability: the positive impact of the plan is expected to be long-lasting—meeting the climate mainstreaming target of 37%, the Commission
- Cohesion: contribution to the reduction of disparities between regions

| Recovery and Resilience Facility

Link to the European Semester:

Member States should look at all of CSRs addressed to them, in particular in the 2019 and 2020 Semester cycles.

- No excuse: Unless the Commission has assessed the progress with these recommendations as ‘substantial progress’ or ‘full implementation’, all country-specific recommendations are considered to be relevant.

The Commission is discussing heavily about it (esp. case of Ireland where CSRs push for more social housing).

| Recovery and Resilience Facility

Help to Member States:

- Risk: states would **need to absorb very large amounts in a short time and that's challenging**



- Technical assistance: Member States can request (from DG REFORM of the European Commission through the national Coordinating Authority)

- Especially for Funds combination:

Support can be combined with InvestEU, Connecting Europe Facility, LIFE and Horizon Europe + National funds to ensure scaling up of planned support schemes (e.g. for renewables, for energy efficiency in buildings).

| Recovery and Resilience Facility

Timeline

National recovery and Resilience Plans (2021-2023)

- Negotiated between the national governments and the Commission (started)
- Submission to the Commission: Jan- April 2020
- Analysis of the Commission within two months
- Approval by the Council.





Why Renovating Social Housing is key for Recovery?

- Investment not a cost – Return via taxes & job creation, Money circulates in the economy instead of being used to import fuel and build power stations, Reducing bills means more money spent in the local economy
- Inclusivity: Getting the whole population on board for the Energy Transition
- Testing & Up-scaling the cost-optimal approaches which can be used across sectors
- Often Key Players in a Neighbourhood approach bringing in a mix of tenures including public buildings
- Globally buildings and in particular housing the hardest nut to crack. Europe has 50 million homes and can be global leaders on inclusive transition



[Building Back Better, OECD June 5, 2020](#)

Investment need & Priorities:

When asked about the key concerns for the next 10-20 years, HE members mainly identified:

- environment/decarbonization, demographic change/ageing
- urbanization/land availability, affordability/increase of housing production, ... likely that Covid 19 will impact priorities – focus of next SoH report

In order to renovate the entire social, cooperative and public housing stock in Europe **by 2050** at average level B (**60 to 120 kwh/m²/year**) or A (below 50kwh/m²/year), thus contributing to the decarbonization of the building stock and a CO2 neutral Europe, we would need to increase this number by **at least 200 000 per year**. This would require an extra **10bio€** yearly until **2050**.

Investment security in post COVID 19 for both renovation and new construction times vital – Will the recovery plan help?

Our ambition is to renovate 4 million homes by 2030

The only sector specific Overview of EU funds and housing



- On-going work to influence the recovery plans & post 2020 MFF

| Green Deal & Renovation Wave: Risks & Opportunities & ...Questions

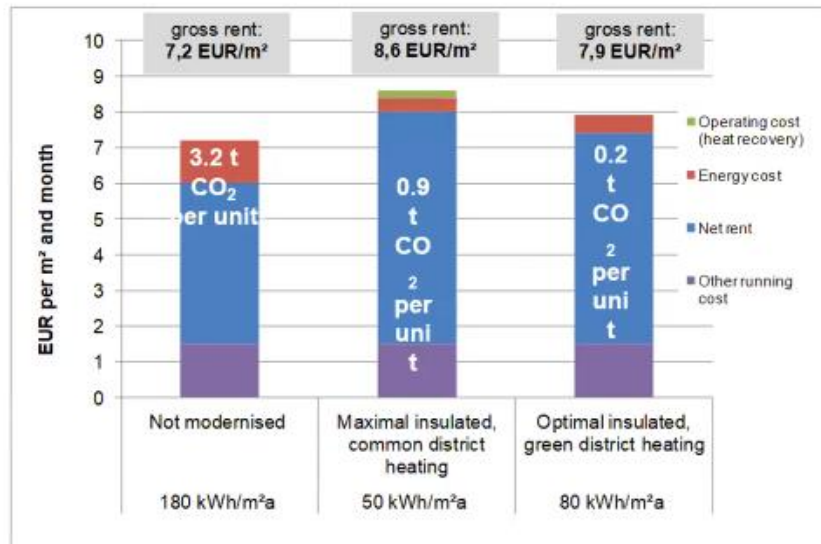


The Renovation Wave recognises the lighthouse role of the social & affordable housing sector with a new Affordable Housing Initiative

- Mandatory Energy Requirements – Risk of increased standards without compensation – Will Recovery & Resilience Plan Deliver?
- New Affordable Housing Initiative to support social housing projects renovation 100 districts setting liveability and latest technology at the forefront – How will it be funded?
- Focus on potential role for pre-fabricated solutions & monitoring
- European Bauhaus ?

Holistic Neighbourhood Approach

Potsdam Drewitz: Results and Conclusion of renovation of social housing estate



Renewable self consumption in social housing, Bordeaux



Sweden Holistic Neighbourhood Approach

No-go Area

Before and After





OPENGELA

DISTRICT-BASED ONE-STOP-SHOPS

bultzatu
2050

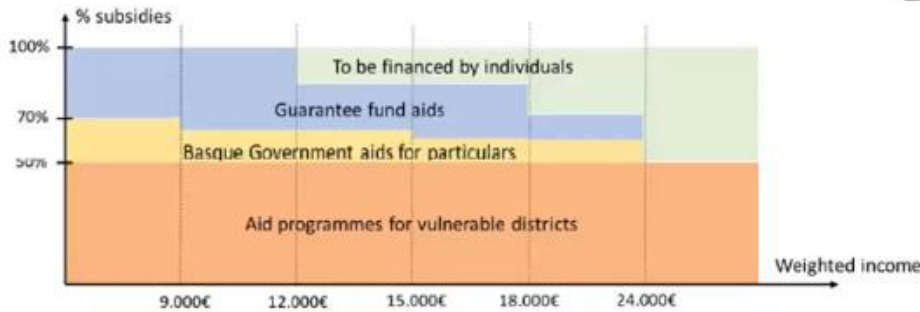
Urban Agenda
for the
Basque Country



 Technical advice Coordinate the renovation projects	 Advice on social matters Ensure a smooth contact with citizens
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 Administrative staff In charge of operations of the district offices	 Advice in legal/regulatory issues Help reducing administrative burden	 Financing advice Customize a financing program for homeowners
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...and then,
2020!



THANK YOU!

France

Requirement for long-term financing



Long-term investment priorities
Requirement for long-term financing
Linkage between Loans and EU Subsidies
Communication / financed projects

Intermediated long-term loans



EIB and CEB loans combined with regulated loans
CDC-EIB and CDC-CEB bilateral agreements
A one-stop-shop for landlords of social housing

European Alliance for Sustainable and Inclusive Social Housing - France -



A partnership to bring Europe closer to its citizens and its local communities

Investments that are clear to the beneficiary households, and that are promoted on social media

#SocialHousingAlliance

European Union

Framework loans



EIB – CDC bilateral agreements
Construction of social housing
Thermal renovation of social housing

Council of Europe

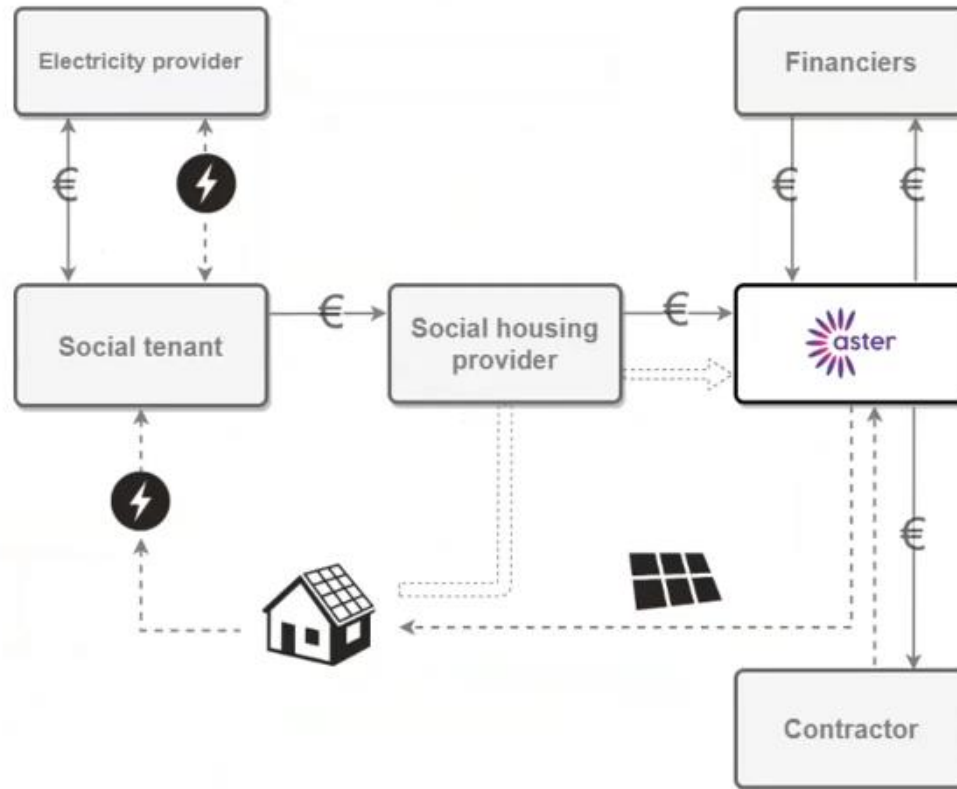
Framework loans



CEB – CDC bilateral agreements
Sheltered housing – Housing for homeless people
Energy poverty
Housing for immigrants and refugees

| Aster: Flanders

ASTER model

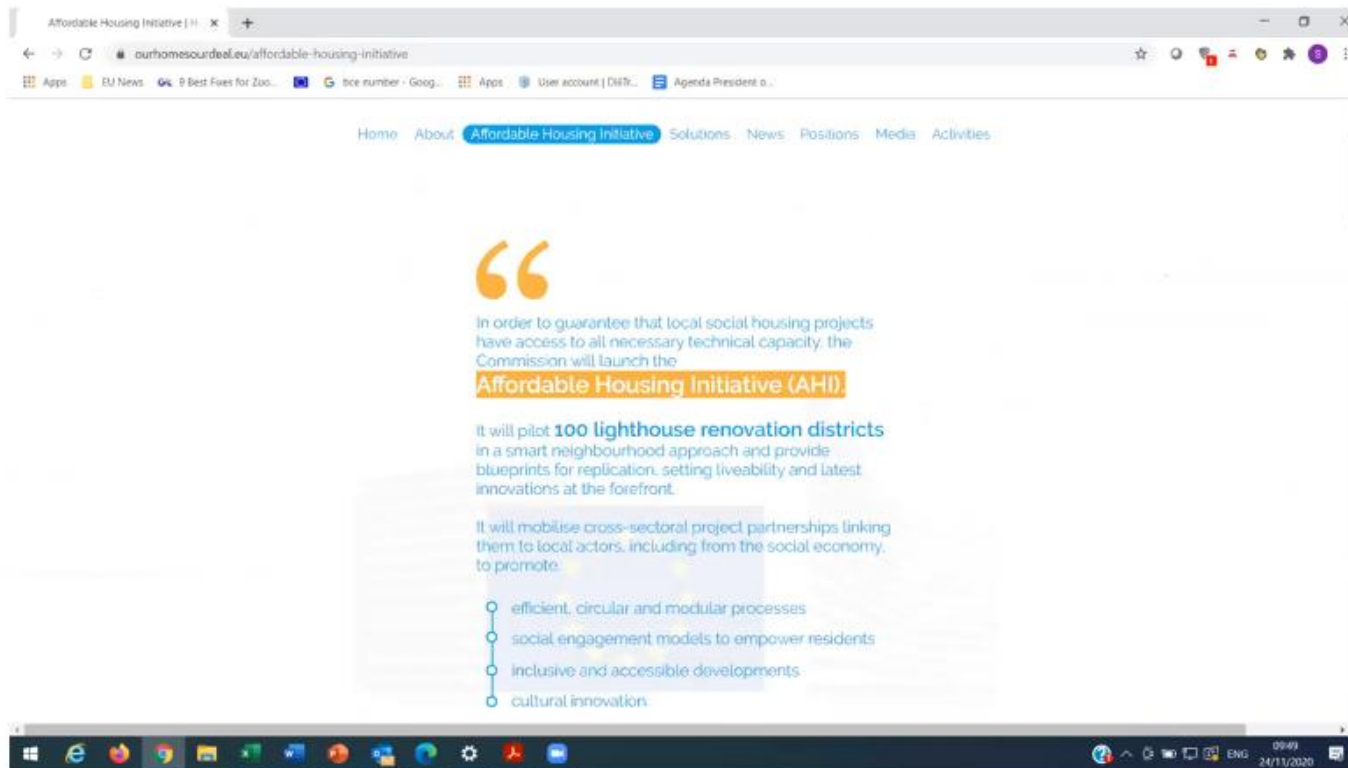




Dutch climate pact & Housing

- **STARTING ENGINE FRAMEWORK**
 - Aim: 100.000 rental houses natural-gas free (ready) by 2022
 - National framework agreement between social housing sector and heating companies – to cover the basics of this transition
 - National subsidy scheme
- **RENOVATION ACCELERATOR**
 - Low temperature heat networks require well insulated homes
 - As part of the starting engine project, the renovation accelerator was introduced
 - Social housing providers bundle demand for heat pumps and insulation
 - stimulates innovation and chain collaboration on the supply side
- **INSULATION STANDARD**
 - National government and sector organizations are developing an insulation standard (het heat demand/ kWh/m2/year)
 - WORK IN PROGRESS

Let's work to shape this!! This is not a technical question – it is a social one and we are the sector to lead on this





SOLUTIONS TO RENOVATE EUROPE FOR A SOCIAL AND GREEN TRANSITION



Innovative housing projects
brought to you thanks to:



Our Homes Our Deal