



»» KfW promotional support in the field of social and demographic change: age-friendly housing conversion

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ELTI workshop on social and affordable housing

Bank aus Verantwortung

KfW

>>> Agenda

- 1 A short introduction: of competences, historical changes and other stories
- 2 KfW support for age-friendly housing and lessons learnt
- 3 Q&A

>>> German Federalism has an impact...



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- ❖ The Basic Law of the Federal Republic of Germany divides the competences between the Bund and the Länder. It also allows for overlaps of competences.
- Since 2006 the competence for social housing lies with the 16 Länder. As such the regional promotional banks are directly involved in financing of social housing, **not KfW**.
- ✓ Nonetheless the Bund supported the Länder financially – from 2017 with EUR 1.5 bn. p. a., from 2020 additional tax revenues for Länder.



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»» Social housing

A historic overview and explaining the German rationale

History

- Industrialisation in the 19th century bringing massive changes, e. g. construction of housing for workers in proximity of factories.
- Social housing a major topic after WWI due to poor quality of housing -> Art. 155 of the constitution of the Weimar Republic in 1919 takes up the topic “healthy homes”. World economic crisis soon put an end to efforts.
- After WWII some 8 m. homes were missing in light of a) destruction and b) refugees. Massive support for the construction of new residential buildings.
- In 1950 **KfW** finances 10% of all newly constructed housing units. By end of 1953 KfW supported construction with EUR 318.5 m.
- In the 2nd half of the 1950s **KfW** was able to distribute funds from ECSC for the construction of housing for miners.
- 1990-2000 modernising of over 3.6 m housing units in former GDR = about half of the existing units.

German rationale support for social housing

- Support to the subject -> Wohngeld, (partial) coverage of rent and heating as part of social assistance.
- Support of the object -> social housing, competence of the Länder
- Social protection via tenancy laws and regulations.
- Public vs private: Social housing in DE traditionally via municipal and/or private housing companies supported by low interest loans and grants -> housing then needs to meet criteria in view of tenants as well as max. rent allowed.
- New construction vs. refurbishment of existing social housing -> **KfW programmes per se applicable.**
- Affordable housing initiatives -> Bündnis für bezahlbares Wohnen und Bauen. Concrete proposals for actions made in 2015. Currently legislative proposal negotiated to facilitate new construction / designation of respective areas by municipalities.




>>> Megatrends guiding KfW's activities





Climate change and the environment, globalisation, digitalisation and social change – we face great challenges today. KfW is one of the world's leading promotional banks. It applies its decades of experience on behalf of the Federal Government and the federal states to improve the economic, social and ecological living conditions around the world.

>>> Overview KfW Programmes supporting social megatrend

Education & skilled labour

- Student loans 
- Education loans for pupils and students in their last years of education 
- Support for advanced training for craftsmen & women 

Social inclusion, home ownership and safety

- Reducing barriers for people in both
 - Public spaces & 
 - Private homes.
- Support for security measures in residential buildings. 
- Baukindergeld -> supporting families in buying property.

Supporting succession in SMEs

- Many SMEs face the challenge of succession as owners reach retirement age.
- KfW supports both the setting-up of a new business and the take-over (succession) of a business.



Reducing the energy bill

- Support for the construction of highly energy efficient buildings as well as refurbishment of existing buildings.
- Over 300,000 housing units annually supported in recent years. Currently boom in new construction, i. a. due to low interest rate environment.

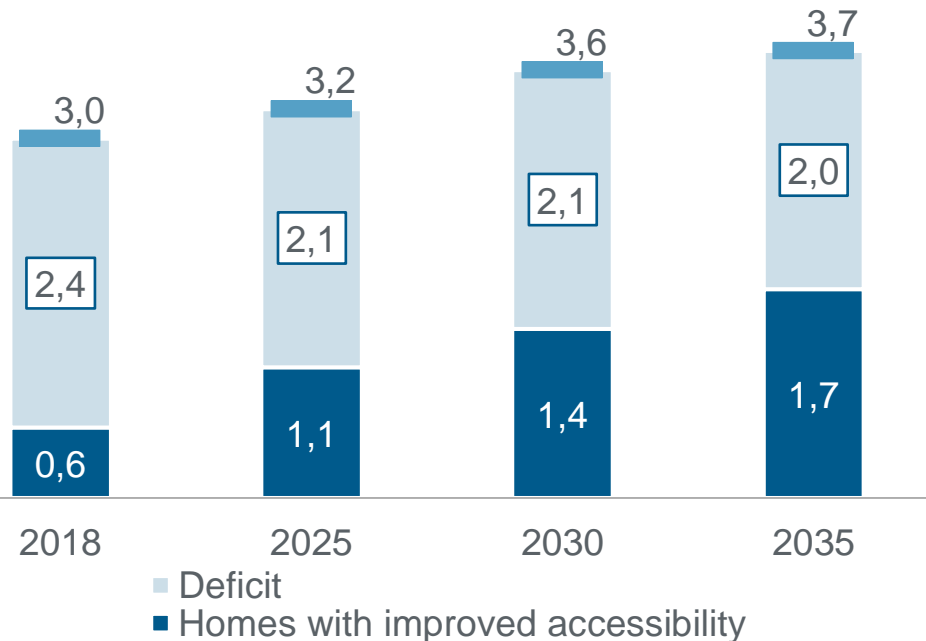
Age-friendly housing conversion

- Presentation of the KfW programm
- Lessons learnt from the evaluation

>>> Age-friendly housing conversion

Rationale and KfW product objective

Rising trend: total number of households with reduced mobility in Germany



Source: IWU / KfW Research

Independence

- ✓ Enabling senior citizens to live in a familiar environment for as long as possible

Future security

- ✓ Reduction of accident-hazards



Source: iStockphoto, Urheber/Fotograf: vis2art

Improvements in quality of life and living comfort

Standards

- ✓ Implementation of federal, uniform standards
- ✓ Funding supports the implementation of meaningful measures

>>> Age-friendly conversion – Terms and Conditions

Applicant and conditions

	Loan	Grant
Applicant	Everybody with the exception of nursing homes	Private owner of one or two family house, tenant, home owners' association
Eligible measures	Single or freely combinable measures Conversion to standard Age-friendly House	
Conditions	Loan Amount max. 50 TEUR per house unit 100 % of promotional costs Attractive Interest Conditions 0,78% (per 12.11.2020) Credit period 10, 20, 30 years 10 years bullet Fixed-interest rate 5 or 10 years	Grant <ul style="list-style-type: none">• Single measurements 10,0 % of promotional costs max 5.000 Euro per house unit• Age friendly house 12,5 % of promotional costs max 6.250 Euro per house unit

Minimum amount to invest: 2.000 EUR,

Up to 6.500 EUR grant (for max. total eligible investment amount)

>>> Age-friendly housing conversion

93.000 housing units in 2020

Overview of measures eligible for funding

4

Adjustment of room layout

5

Bathroom improvement-measures

6

Security and operating elements

7

Transformation to common rooms

We recommend the consultation of professional expertise in the early stages

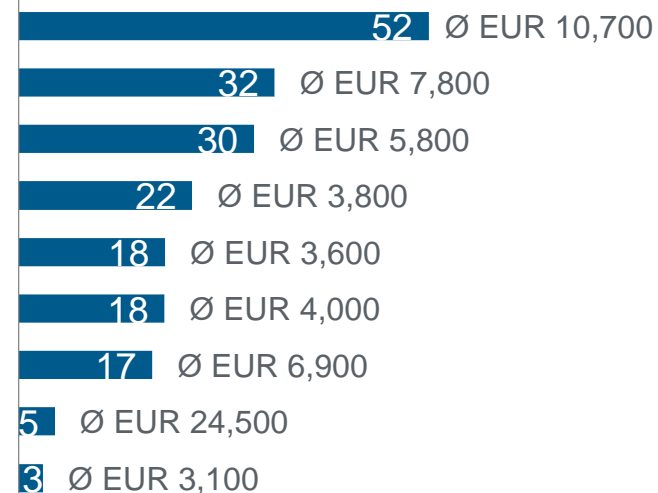
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Accessible paths and living environment

2

Easy-access to home entrance

Measures in washrooms
Adjusting interior layout
Vertical development / differences in levels
Surrounding area / entrance
Safety / orientation / communication
Entrance area / dwelling entrance
Accessibility in acc. with DIN 18040-2
"Age-appropriate home" standard
Shared / multi-generational living

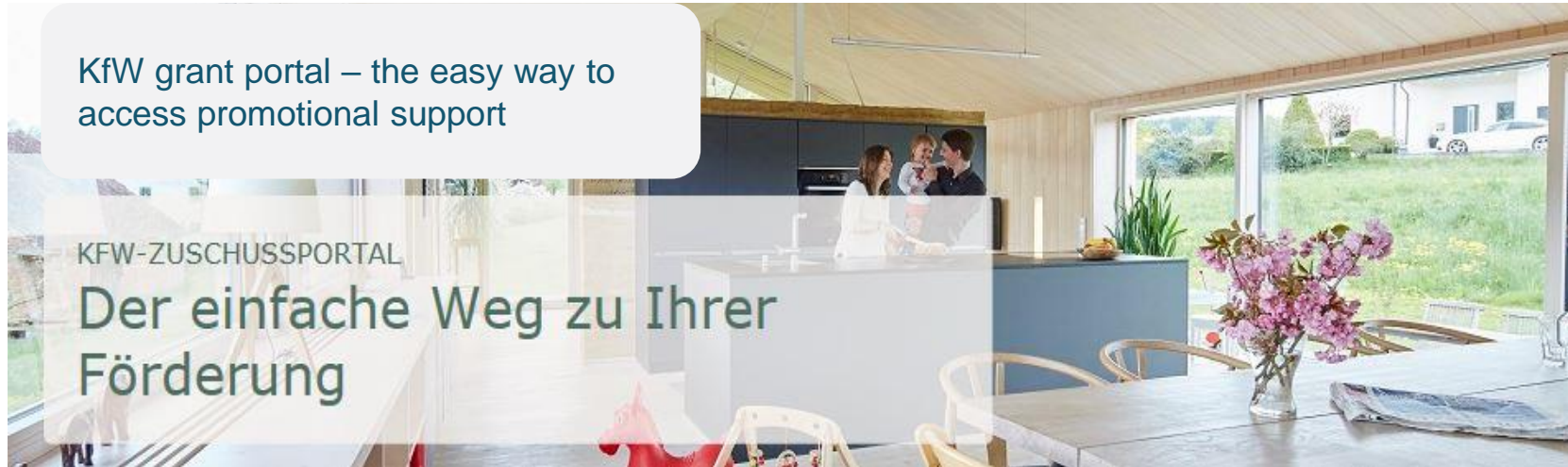


Percentage / average investment cost per type of measure

Source: IWU / KfW Research

>>> KfW Online Portal for Grants

Customers' easy way of application



- Easy, flexible and secure application process and payment process
- Intuitive design
- No long waiting times – customers get immediate response
- Optimized for mobile devices (tablet, smartphone)
- Customers have permanent access to contracts and documents

>>> Outcome of the evaluation for 2014-18

Lessons learnt



Evaluation found
support to be
effective

**Avoiding stationary care
saves 100 Mio. EUR p.a. and creates/
sustains around 80.000 jobs**

Preventive,
independent
ageing



**Positive economic effects:
increased public revenues, social
security contributions, taxes on
company profits and turnover**



Rising
importance of
support

**Awareness raising for importance:
30% only became aware of issue due
to KfW program / 40% learnt about
specific measures for first time**

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KfW Research Focus No. 285 April 2020

Evaluation by IWU on KfW's programme for age-appropriate building (barrier reduction and burglar protection) from 21 April 2020 (in German)