

Developing actionable strategies to increase the supply of affordable and sustainable housing

19 November 2024
Milan, Italy



Technical
workshop

Developing actionable strategies to increase the supply of affordable and sustainable housing

Opening remarks

Gunnar Muent, EIB

Jonathan Denness, European Commission, DG REGIO

Martina Colombo, CDP





European
Investment Bank | Group

Developing actionable strategies to increase the supply of affordable and sustainable housing

Innovation – solutions & measures





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Developing actionable strategies to increase the supply of affordable and sustainable housing

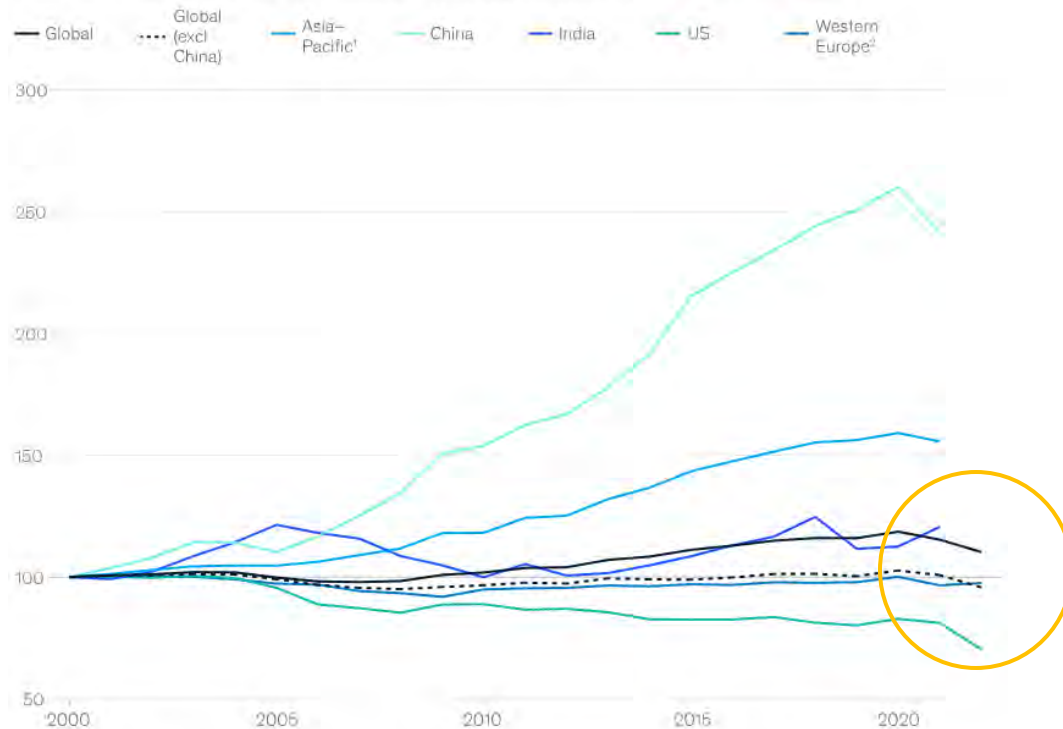
Introduction by Fabrizio Seminara, EIB



KEY FINDINGS – WHY INNOVATION?

Global construction productivity was boosted by China's improvement but is showing signs of slowing down.

Real gross value added per hour worked in construction sector, 2000–22 (index: 2000 = 100)

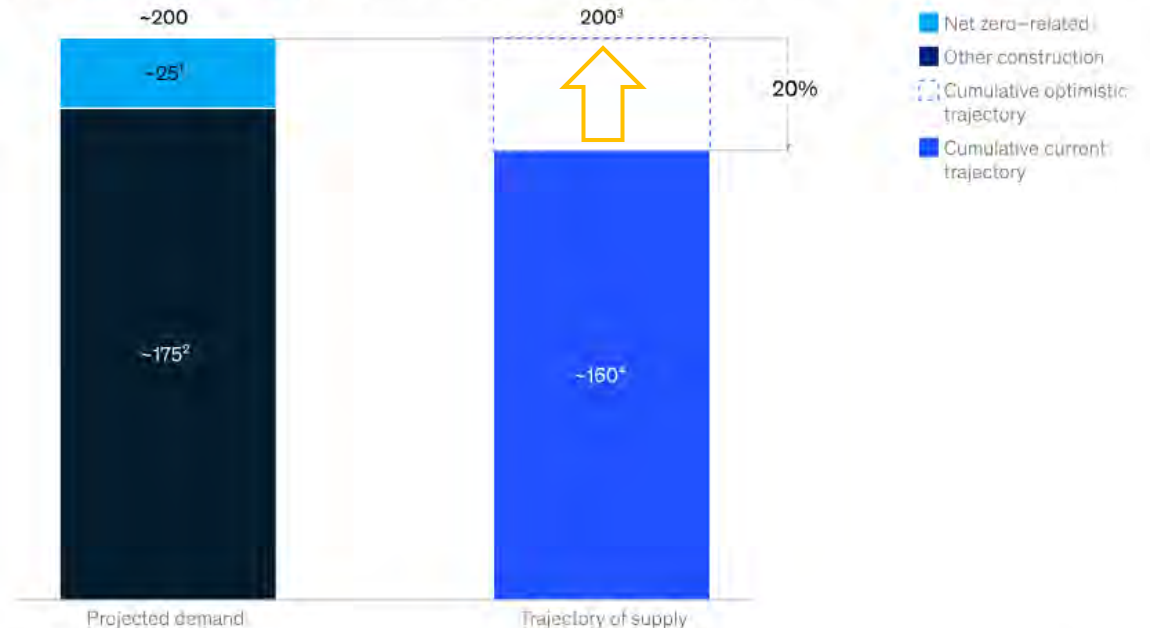


¹Australia, China, India, Indonesia, and Japan used as proxies.

²Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Netherlands, Norway, Portugal, Spain, Sweden, Switzerland, and the UK.
Source: McKinsey analysis based on sources from IHS Markit, the International Labour Organization, OECD, the UN, and local statistical offices.

On the current trajectory, construction output might fall short of demand by \$40 trillion by 2040.

Cumulative construction spend, 2023–40, \$ trillion (real 2019, excluding China)



Note: Figures may not sum to total, because of rounding.

¹McKinsey Global Institute net-zero estimates, assuming 25% of net-zero capital expenditures directed to construction (but not to machinery and other physical assets).

²Base spending is calculated based on IHS Markit estimates.

³Optimistic projection based on UN high-variant workforce projections and countries with relatively higher construction force growth and upper-quartile global productivity (excl. China).

⁴Projections assuming current output indexed to workforce trends and unchanging productivity; workforce trends based on World Bank projections for population aged 15–64.

Source: McKinsey analysis based on sources from IHS Markit, the International Labour Organization, OECD, the UN, and local statistical offices.

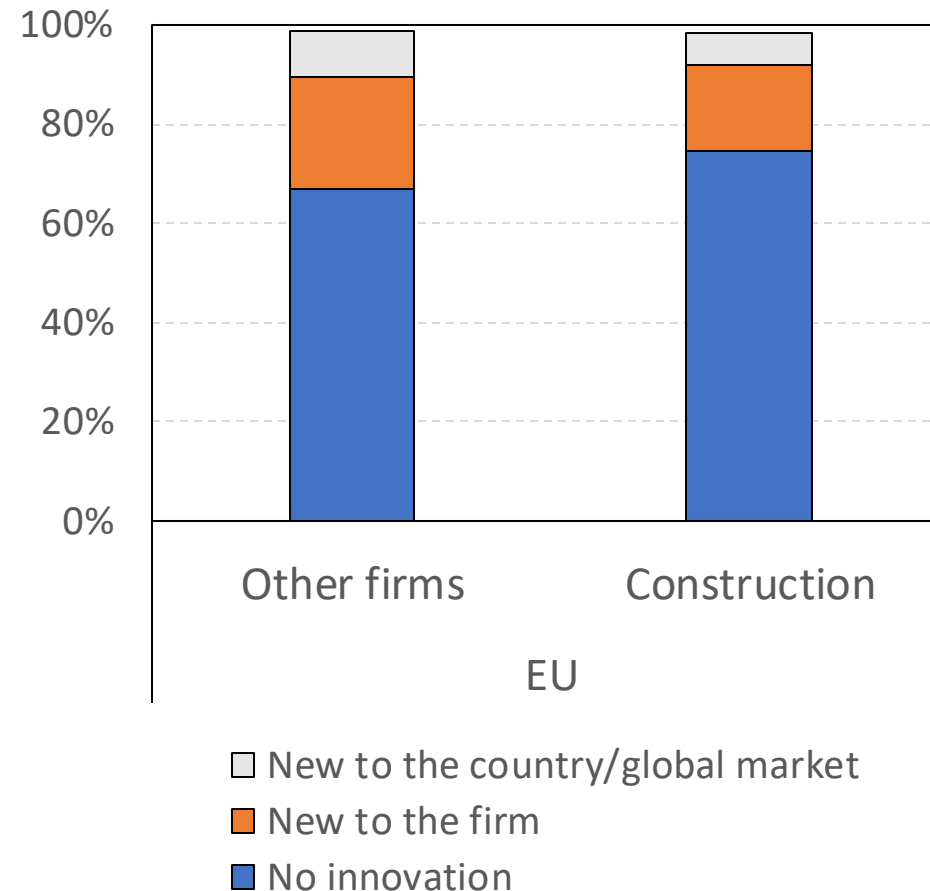
- Construction **productivity stagnated** in EU in recent decades, with a slow down in sector activity since 2020
- Expected Supply/Demand **gap of \$40 trillion** by 2040 under current trajectory
- Innovation must support **supply growth** and focus on achieving productivity increase

KEY FINDINGS – WHY INNOVATION?

- **Low productivity** with fewer diffusion and adoption of innovation despite innovative solutions already existing
- Innovation and digitalisation is key to increase productivity to **overcome labour shortage**
- **Opportunity for targeting cost reduction** from adopting digital practices and existing innovative technology
- **Potential drag on economic growth** as without innovation it will be difficult to meet housing targets

Lower innovation activity in construction sector

Innovation activity (share of firms)



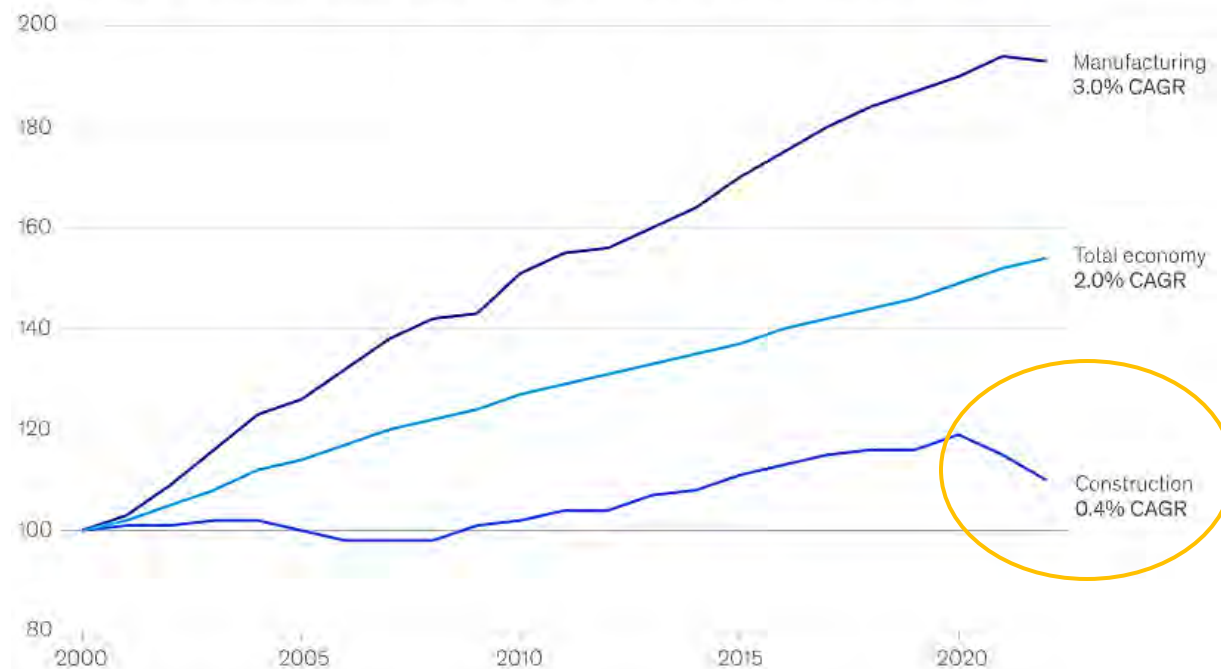
Source: EIBIS 2024. Notes: based on a survey of 2381 EU construction firms carried out between May and July 2024. Results are preliminary and subject to change.

KEY FINDINGS – TOP 10 BARRIERS (1/2)

- **Labour shortage** and lack of skilled workers
- **Dominance of SMEs** with limited economies of scale in sector and low capacity to invest in innovation and digitalisation
- **Construction cost inflation** reduces returns and room for innovation
- **High upfront capital investment** needed for new production facilities
- **Not a short-term solution**

Labor productivity in construction continues to lag behind productivity in manufacturing and the total economy.

Real gross value added per hour worked (global),¹ 2000–22 (index: 2000 = 100)



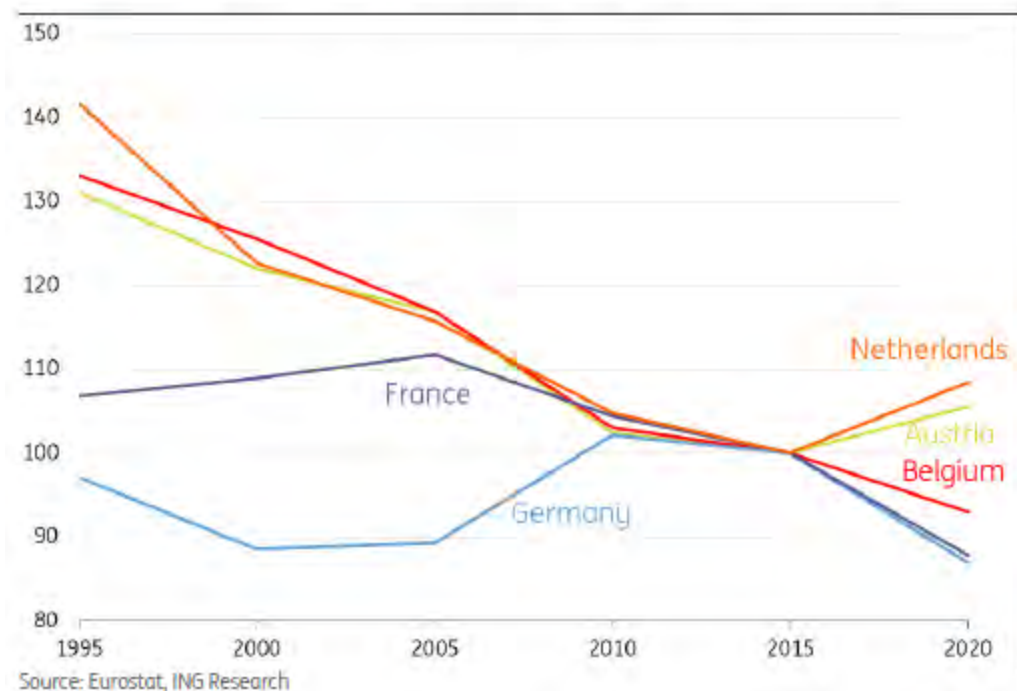
¹Includes 42 countries with sufficient data availability; they account for >90% of 2022 construction value added.
Source: McKinsey analysis based on sources from IHS Markit, the International Labour Organization, OECD, the UN, and local statistical offices

KEY FINDINGS – TOP 10 BARRIERS (2/2)

- **Lack of predictable demand** for innovative projects
- **Building permits bottlenecks**
- **Slow standardisation and industrialisation:** innovation on individual components made progress, however industrialisation does not reach construction sites
- **Slow technology improvement** and not focused on productivity and cost reductions/efficiencies
- **Tender dynamics** (lowest bid criteria) discourage innovation

Construction capital productivity falls in most countries

Construction sector capital productivity trends, index 2015=100



KEY FINDINGS – WHICH NEW TECHNOLOGIES?

- **Prefabrication and Modular** is the most frequently adopted technology, yet not delivering at large scale
- **5D BIM** is adopted but during design phases and for controlling functions, less during construction
- **3D printing and Ai** is used only in very specific cases
- **Automation or Robotics**, B2B marketplaces, and virtual reality are rarely used and perceived as “unrealistic”

Mature innovations in the construction sector, nonexhaustive

Type of impact (example use cases)		
	Productivity improvement (cost or time decrease)	Increased control of process and risk ¹
Widely adopted		— Digital document and contract management (paperless workflows; digital permitting; job hazard analysis)
Frequently adopted	— Prefabrication and modular (centralized product libraries for modular designs; off-site product-based offering)	— 5D building information modeling ² (rapid design concept evaluation; building of performance simulation; real-time project control; change order evaluation)
Selectively adopted	— 3D printing (planned structures visualization; rapid prototype creation; on-location creation of parts) — AI (generative design and scheduling; predictive maintenance; route optimization; resource management; automated safety and quality control)	— Internet of Things (smart cameras for safety compliance control; sensors for real-time equipment location and productivity tracking)
Sporadically adopted		— Automation or robotics (worker aids or exoskeletons; automation of labor-intensive activities; autonomous transport) — Supply chain marketplaces (B2B marketplaces for labor, materials, and equipment) — Augmented or virtual reality (augmented reality-guided quality assessment or operation; gamified apps-based training)

¹Includes control, monitoring, measurement, modeling, and safety assurance.

²BIM is widely used in major firms for the design and construction phases; “true” end-to-end design is still not applied broadly.

Source: Jose Luis Blanco, David Rockhill, Aditya Sanghi, and Alberto Torres, “From start-up to scale-up: Accelerating growth in construction technology,” McKinsey, May 3, 2023; “Rise of the platformers: The next chapter in construction technology,” McKinsey, October 30, 2020; McKinsey analysis.

EIB RDI FINANCE PROJECTS – GROPYUS

- EIB loan to finance the RDI activities of Gropys in Europe over a three-year period (2023 - 2025), which are expected to further support the firm's growth and innovation.
- **R&D activities** focus on the development of efficient manufacturing and construction technologies for **affordable and sustainable** multi-storey apartment blocks using **wooden modules pre-fabricated** in an **automated factory**.
- **Project Investment Cost (PIC): EUR 94m**

The R&D programme will cover the following activities:

- Smart factory production processes
- Building system improvement
- R&D trends in automation & digitalisation
- Product performance
- R&D collaboration with academia, research centres and suppliers



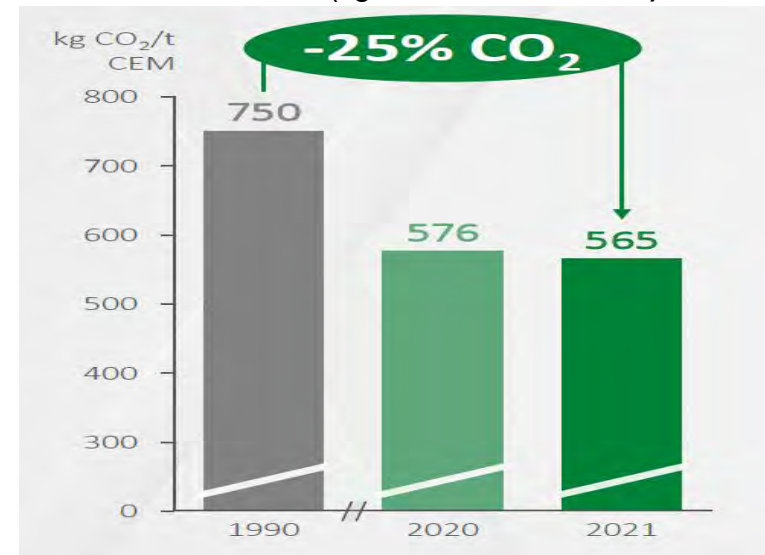
EIB RDI FINANCE PROJECTS – HEIDELBERG MATERIALS SUSTAINABLE RDI

- EIB Loan to finance **RDI expenditures** over the 4-year period 2023-2026 related to development of innovative products, new product formulations, and process improvements in order to **lower energy consumption**, conserve resources, strengthen the circular economy, and thereby **reduce both CO2 emissions and costs**.
- **Project Investment Cost (PIC): EUR 230m**

The R&D programme will cover the following focus areas:

- Innovative concrete solutions
- Low carbon systems
- New technologies for circular economy and carbon neutrality
- New materials for CO2 reduction
- Implementation and support

Heidelberg Materials AG cement CO2 intensity reduction 1990-2021 (kg CO2/tonne cement)



Source: Promoter presentation '2022 Capital Markets Day – Sustainability Strategy'

FLANDERS CASE STUDY – FRAMEWORK AGREEMENT FOR MODULAR HOUSING

- Flanders launched a framework tender for Design, Production & Build of **Modular housing** for a **4-year period**
- Scope: **5000-7000 housing units** for social housing, emergency housing, houses for vulnerable, etc.
- Budget allocated: **EUR 260M/year**, totalling around **EUR 1 Billion**
- **3 companies** selected: CIT Blaton, Dethier, Skilpod
- Local authorities (300), social housing companies (42), and the regional agency “Housing in Flanders” can use the framework
- **Faster procurement:** Mini-competition is launched among three selected bidders, great procurement incentive as shorter tender for authorities and budget made available by the region
- **Pricing tables** is a good tool for the market players to have a **maximum price target**, applied at the Mini-competition level among the selected companies. Cost of design/studies is also fixed at 5% for all
- Award criteria not only based on lowest bid (minimum 40%), but also on "**speed of production and delivery**" (maximum 50%) and on “**suitability of the proposal**” at the specific location, considering the specific program of requirements of the client (maximum 50%)

OVERVIEW – EIB PRELIMINARY PROPOSED ACTIONS*

EIB FINANCING

Support to RDI in construction sector, with focus to operations related to:

- **Digitalisation** of the construction sector stakeholders (notably SMEs)
- **RDI projects** in manufacturing and construction practises
- **Intermediated financing** of innovation for companies operating in the construction supply chain

RESEARCH & ADVISORY

- **Expand/New RDI facility** and call for expressions specifically dedicated to RDI solutions and productivity increase in the housing sector
- **Demonstration/Incubators**: financing demonstration parks for industrialised affordable housing concepts
- **Procurement advisory support** to promoters on how to implement innovation in procurement specific award criteria and project requirements
- **Pilot project advisory** services for promoters to implement pilots that boost innovation technologies

PANEL DISCUSSION – PROPOSALS FOR INNOVATION



Emily Sinnott – Moderator
Head of Policy and Strategy
EIB



Philippe Moseley
Head of Sector
Sustainable Construction
DG GROW/ Construction
(EUROPEAN
COMMISSION)



Johan Vyncke
Director Research &
Innovation
WTCB - Buildwise
European network of
Building Research
Institute
(ENBRI)



Wim Guillemyn
Policy Coordinator
Wonen in Vlaanderen
(FLANDERS REGION)



Flavio Monosilio
Director Research Office
National Association of
Construction Enterprises
(ANCE)
European Construction
Industry Federation
(FIEC)



Frank Hovorka
Director Technics and
Innovation
French Promoters
Federation (FPI)
(BUILD EUROPE)



Filip Timmermans
CEO & Founder
SKILPOD
Modular Housing

Affordable housing:

- *from Projects to Products*
- *optimised footprint in space, time, construction process & offer*
- *learn from EU-wide examples ...*



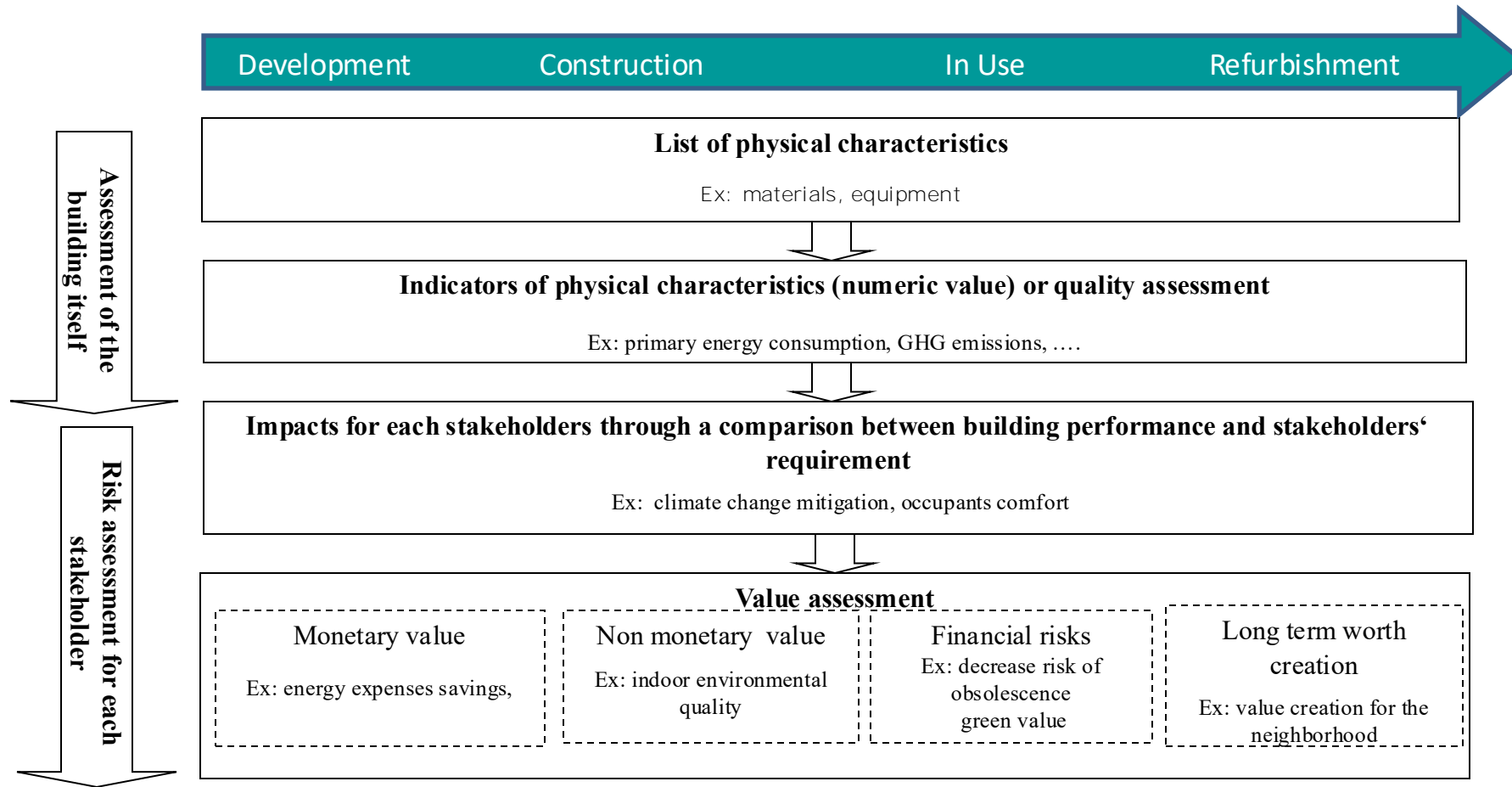
EIB Group Workshop

**Developing actionable strategies to increase the supply of
affordable and sustainable housing**

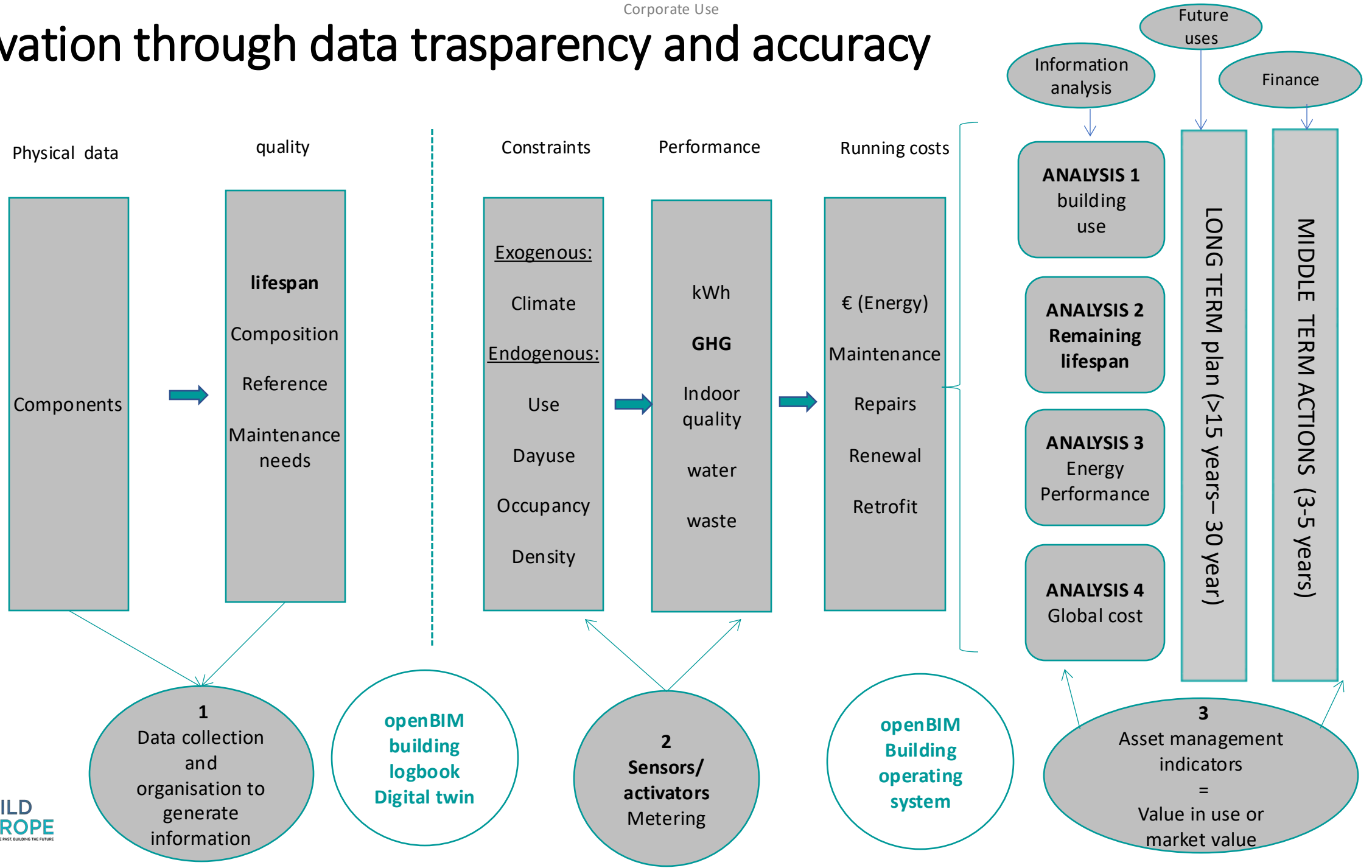
Milan, Italy

19 November 2024

Leveraging innovation through data sharing and management : from building characteristics to investors and banks reporting



Innovation through data transparency and accuracy

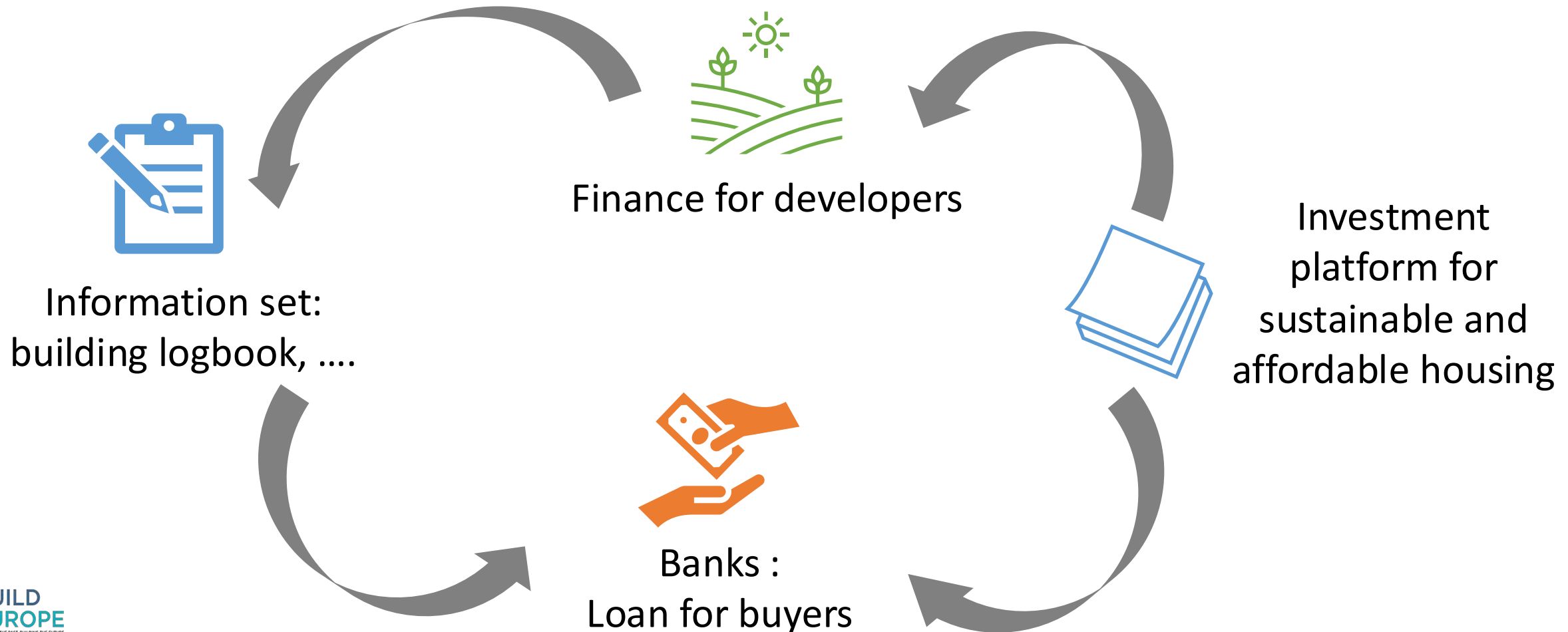


Direct investment by EIB in national dedicated SPV for collective housing development

Developers selling their land to the national dedicated SPV will receive building rights (*droit d'emphytéose*) allowing them to construct and sell the housing units to end buyers. These units are sold without land ownership included, as the SPV retains ownership of the land.

Upon purchase, end buyers of the housing units have two exit options concerning the land:

1. Lease payment option: end buyers can enter a long-term land lease agreement with the SPV paying a small annual fee for the land use over a fixed period (e.g., 20-30 years);
2. Option to purchase the land: alternatively, after the lease period, the end buyers have the option to purchase the land from the SPV



An architectural rendering of a modern, multi-story brick building with a courtyard. The building features a grid-like facade with large windows and balconies. People are visible on the balconies and in the courtyard. The courtyard has a paved walkway, concrete benches, and lush green plants. The sky is blue with some clouds.

Skilpod

uncompromised living

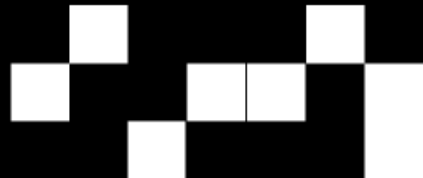


Thinking in products, not projects

Project = Continuous prototyping, low productivity

Product = Focused on continuous innovation and improvement,
high productivity

Raising awareness among (public sector) clients
about industrialized housing solutions



QUESTIONS & ANSWERS + SUMMARY



Emily Sinnott

Moderator

Head of Policy and Strategy

EIB



THANK YOU



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Developing actionable strategies to increase the supply of affordable and sustainable housing

Coffee break





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Developing actionable strategies to increase the supply of affordable and sustainable housing

Sustainability – solutions & measures



AGENDA

Time	Topic	Presenters
11:30 - 11:40	Energy efficiency policy update	EC: Carlos Sanchez Rivero
11:40 – 11:55	Regulatory framework and financing barriers to sustainability in the housing sector	BPIE: Mariangiola Fabbri
11:55 – 12:00	Q&A	Audience
12:00 - 12:40	Scalable financial products:	
	Framework loan to support residential energy efficiency projects in Italy	SNAM/Renovit: Paolo Simeoni and Gianluca Zonta
	Green securitisation in the residential sector in Spain, UCI	UCI: Philippe Laporte
	Advisory support	EIB: Daniela Bachner
12:40-12:45	Questions Conclusions and outlook	Audience EIB: Daniela Bachner



“Financing for energy efficiency and building renovation: Challenges and opportunities”

**EIB Housing Task Force event in Milan
19 November 2024**

Carlos Sanchez Rivero
DG ENER.B2, Energy Efficiency: Policy and Financing
European Commission

Policy Context

- **EU Green Deal** - Transform the EU into a modern, resource-efficient and competitive economy – Roadmap to decarbonisation until 2050.
- **Fit for 55 Legislative package** – Revised ambition of the Energy Efficiency Directive and of the European Energy Performance of Buildings Directive.
- **Global Renewables and Energy Efficiency Pledge** – to double the global average annual rate of improvement in energy efficiency from around 2% to over 4% per year by 2030
- **Draghi report on Competitiveness** – Financial Challenge: “a minimum annual additional investment of EUR 750 to 800 billion is needed”

Energy Efficiency Directive (EED)

- Energy Efficiency is long-term response to the crisis and climate objectives – **new binding EU energy efficiency target** & indicative national contributions: **11.7% for 2030**, reduction in primary and final energy consumption
- **Energy Efficiency First Principle**, integral part of policy and investment decisions
- Annual **energy savings obligation in end-use** to reach **1.9% by 2030**
- Increased focus on **energy poverty and consumer empowerment**
- And many other relevant provisions to buildings and the built environment:
 - Energy consumption in the public sector, renovation of public buildings, public procurement, energy audits & management systems, district heating & cooling...

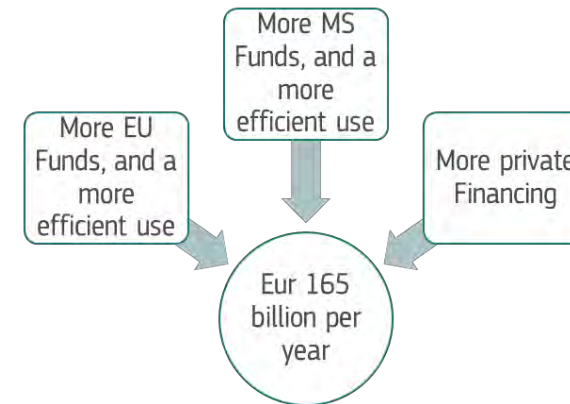
Energy Performance of Buildings Directive (EPBD)

- For non-residential, Minimum Energy Performance Standards (MEPS)
 - By 2030, renovation of the 16% worst-performing buildings, 26% by 2033
- For residential, national trajectory to reduce the average primary energy use
 - By 16% by 2030 and 20-22% by 2035 compared to 2020
 - At least 55 % of the savings in worst-performing buildings, defined as the 43% with the lowest energy performance
- And many other provisions:
 - improved access to information: common criteria for energy performance certificates (EPCs), national databases, data access rules
 - But also National Building Renovation Plans, zero-emission buildings, phase-in solar energy, phase-out fossil fuel, sustainable mobility

Energy efficiency financing policy – Context



Closing the Investment Gap



- Investment needs towards the EU 2030 energy efficiency targets and building renovation objectives are estimated at over **€ 300 billion per year**, with an annual investment gap of **at least € 165 billion**
- Public financing for energy efficiency has grown significantly in recent years, still most of the investments **must be mobilised from private capital. An efficient use of public financial support is needed.**

Energy Efficiency Way Forward

Objective: meet both the 2030 11.7% reduction target (763 Mtoe) and the commitment under the Global Pledge for doubling energy efficiency improvements.

- **Implementation** of the EED recast and EPBD recast, and Energy Efficiency 1st Principle
- **Financing for energy efficiency** as key element of the EU Clean Energy Investment Strategy
- **A market approach for energy efficiency**
- **Innovation**

European Energy Efficiency Financing Coalition

- **Objective:** Mobilise private financing for energy efficiency at scale
- **Contribute to the implementation of the EED & EPBD:**
 - Brings the European Commission, Member States and financial institutions together
 - Three-level structure providing (i) political mandate, (ii) technical expertise and (iii) national dialogue
 - Launched on 22 April 2024, 1st call for Financial Instruments closed.
- **Focus on implementation:** Importance of National Hubs to get closer to the national and local reality, to the market





Thank you!



AFFORDABLE AND SUSTAINABLE HOUSING Solutions & measures

19/11/2024

| Mariangiola Fabbri

Housing Workshop, Milan





BUILDINGS PERFORMANCE INSTITUTE EUROPE

Who we are, what we do



EUROPEAN
NON-PROFIT
THINK-TANK



ADVICE ON
BUILDING
POLICIES, FROM
DESIGN TO
IMPLEMENTATION



BRUSSELS
AND
BERLIN



INDEPENDENT
RESEARCH AND
ANALYSIS



IMPROVING THE
ENERGY
PERFORMANCE
OF BUILDINGS
ACROSS EUROPE



IN OPERATION
SINCE 2010



POLICY FRAMEWORK: ENERGY PERFORMANCE OF BUILDINGS DIRECTIVE



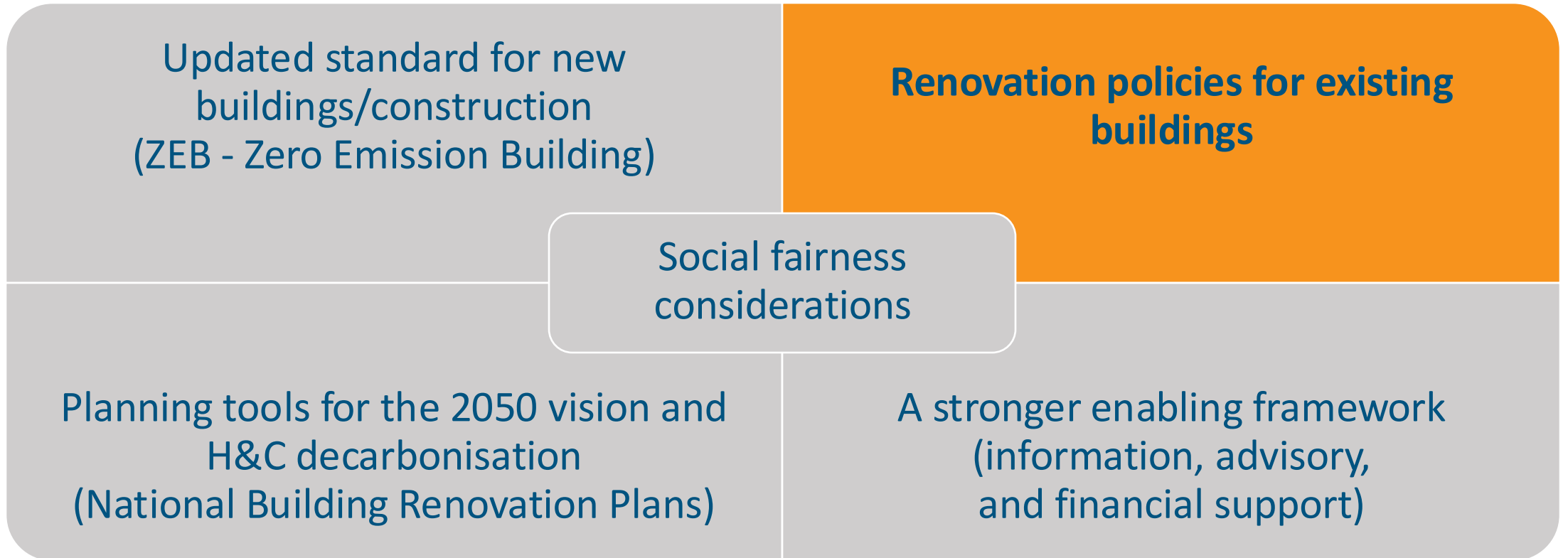
CHANGES IN REGULATORY FRAMEWORK

EPBD recast: Main building blocks



RECAST EPBD

Renovation policies for existing buildings





RENOVATION POLICIES FOR EXISTING BUILDINGS

Requirements per building segments



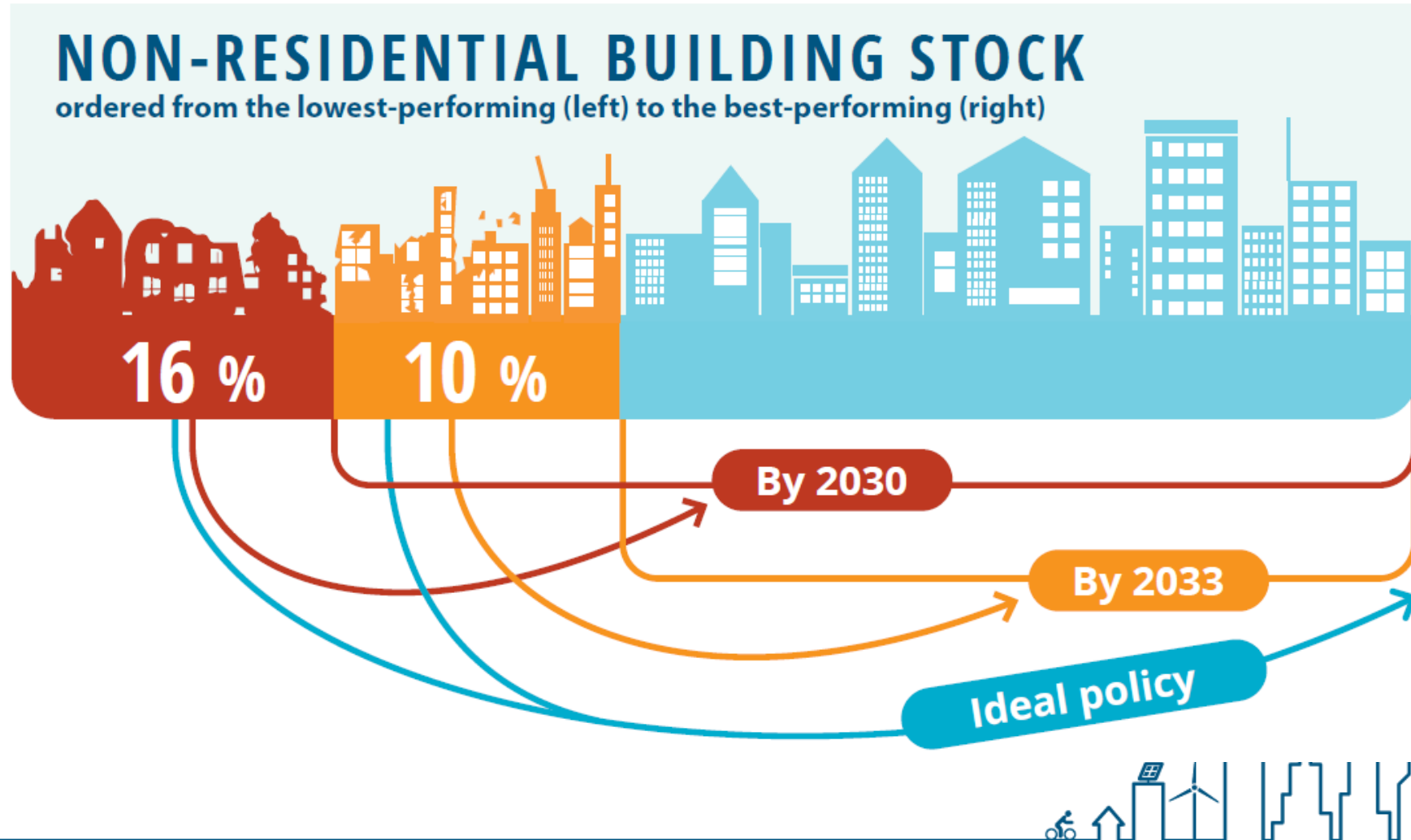
Minimum Energy
Performance Standards
(non-residential buildings)

Mandatory national trajectory
for the progressive renovation
of the residential stock



MEPS FOR NON-RESIDENTIAL BUILDINGS

Renovating worst 26% buildings by 2033





NATIONAL TRAJECTORY FOR RESIDENTIAL STOCK

Largely to be delivered by WPB renovation

TRAJECTORY FOR THE PROGRESSIVE RENOVATION OF THE RESIDENTIAL STOCK

at least -16% (2020-2030) and -20/22% (2020-2035)

Minimum **55%** savings
from the renovation of
SPECIFIC RESIDENTIAL BUILDINGS

Maximum **45%** savings
from the renovation of
OTHER RESIDENTIAL BUILDINGS

43%
**WORST PERFORMING
RESIDENTIAL BUILDINGS**

**RESIDENTIAL BUILDINGS
AFFECTED BY NATURAL
DISASTERS**

Also eligible buildings =
**57% BEST PERFORMING
RESIDENTIAL BUILDINGS**

THE EPBD FACILITATES MEPS IMPLEMENTATION

No MEPS without enabling framework

Financial support	Monitoring	Technical assistance
<p>Providing appropriate financial measures (1, 2, 3)</p> <p>Designing integrated financing schemes providing incentives for deep and staged deep renovations</p>	<p>Social impacts (1)</p>	<p>Removing non-economic barriers including split incentives</p> <p>Including through one-stop-shops (1, 3)</p>

- (1) vulnerable households
(2) people affected by energy poverty
(3) people living in social housing



RECAST EPBD

Stronger enabling framework

Updated standard for new buildings/construction
(ZEB - Zero Emission Building)

Renovation policies for existing buildings

Social fairness considerations

Planning tools for the 2050 vision and H&C decarbonisation
(National Building Renovation Plans)

**A stronger enabling framework
(information, advisory,
and financial support)**



Energy Performance Certificates

- More complete/informative, more readable

Renovation Passports

- National scheme to be in place in May 2026, voluntary for building owners
- Roadmap outlining steps to guide customers in their renovation

One-stop-shops

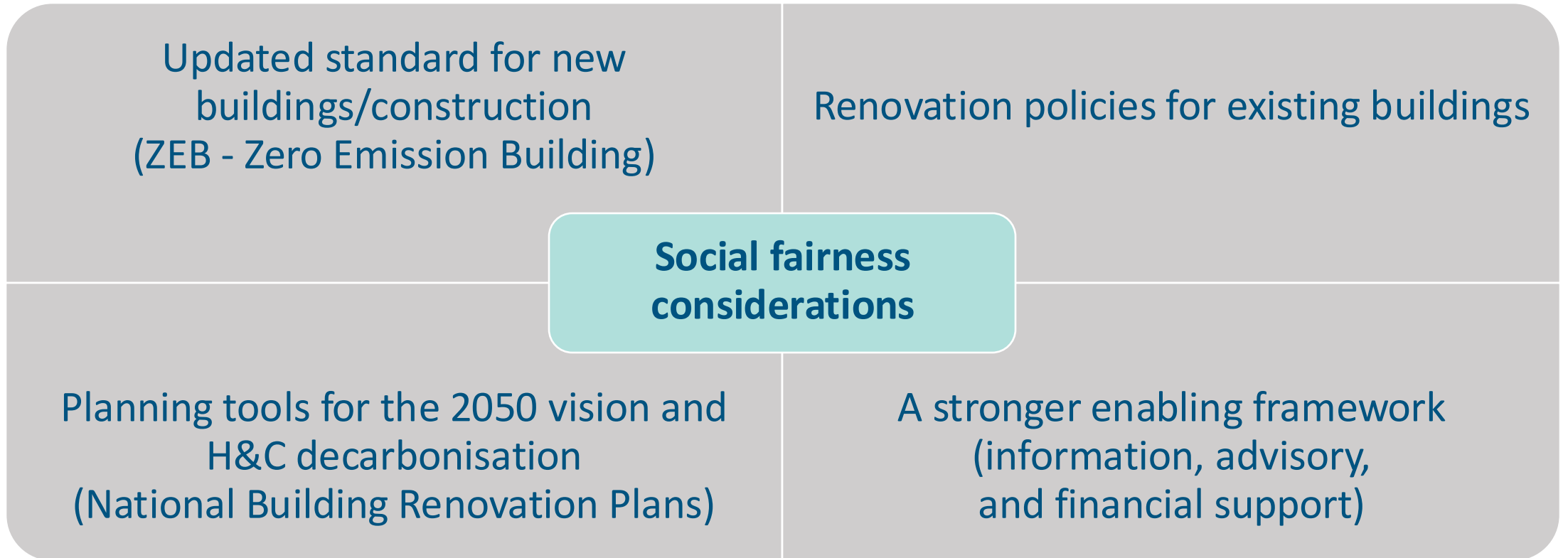
- 1 per region and/or 80,000 inhabitants
- Go-to place for advice (technical, financial)
- Key for training/upskilling construction workers

Financial support

- Principle of “higher impact, higher support”
- Focus on vulnerable households, people in energy poverty and social housing

RECAST EPBD

Social fairness





SOCIAL FAIRNESS IN THE EPBD

A cross-cutting consideration

Strong emphasis on renovation of worst-performing buildings

- Often occupied by energy poor / vulnerable households

Ensuring affordability of information, advisory services and financial support

- Affordability of EPCs/Renovation Passports for all households
- Mandatory MEPS support: focus on vulnerable households, energy poverty, social housing

Social safeguards

- Member States to provide protection for tenants
- Member States to monitor social impacts of building decarbonisation policies



FINANCING BARRIERS TO AFFORDABLE AND SUSTAINABLE HOUSING



WHAT INFLUENCES AFFORDABILITY AND COST OF RENOVATION?

- ▶ Cost of energy / labour/ inflation
- ▶ Housing market (speculative, ownership structure, demand)
- ▶ Supply chain shortages (materials, equipment, workforce)
- ▶ Complex and multiple finance schemes (loans, guarantees, bonds, on-bill recovery, grants, fuel subsidies, ...)
- ▶ Financialization
- ▶ Lack of technical assistance and QA over projects to guarantee results = planned energy savings and reduced energy poverty
- ▶ Available capital
- ▶ Demanding renovation processes

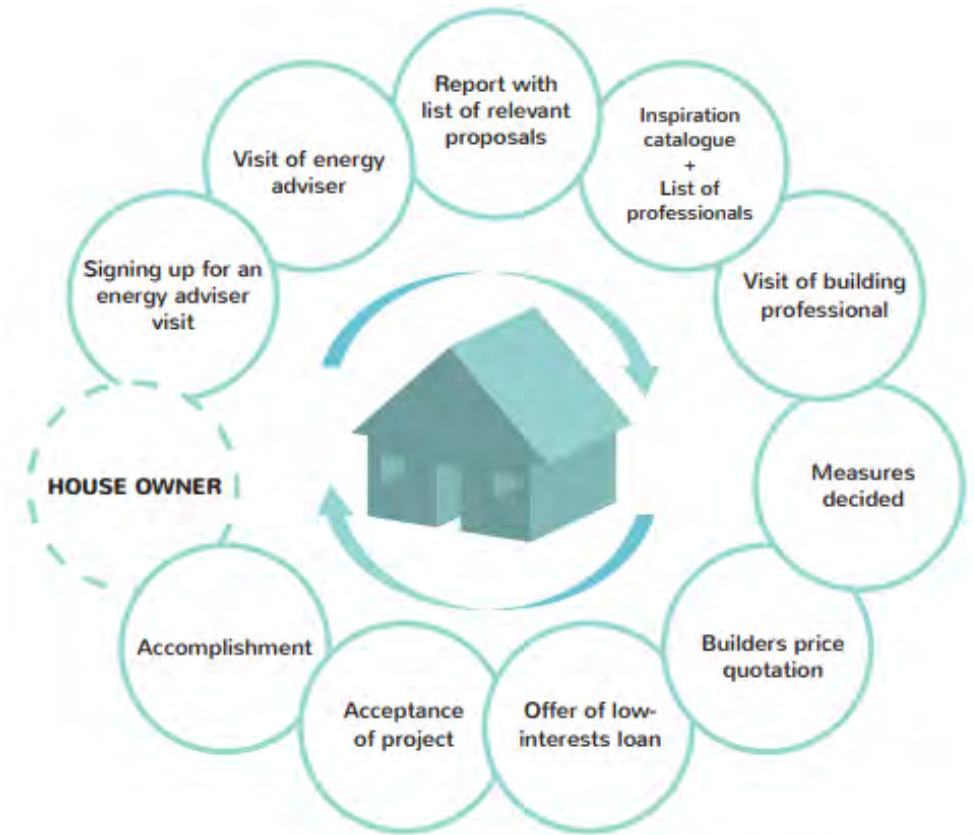


Image source- Request2Action



COMMON BARRIERS TO RENOVATION

What makes energy renovation costly?

INDIVIDUAL OWNER

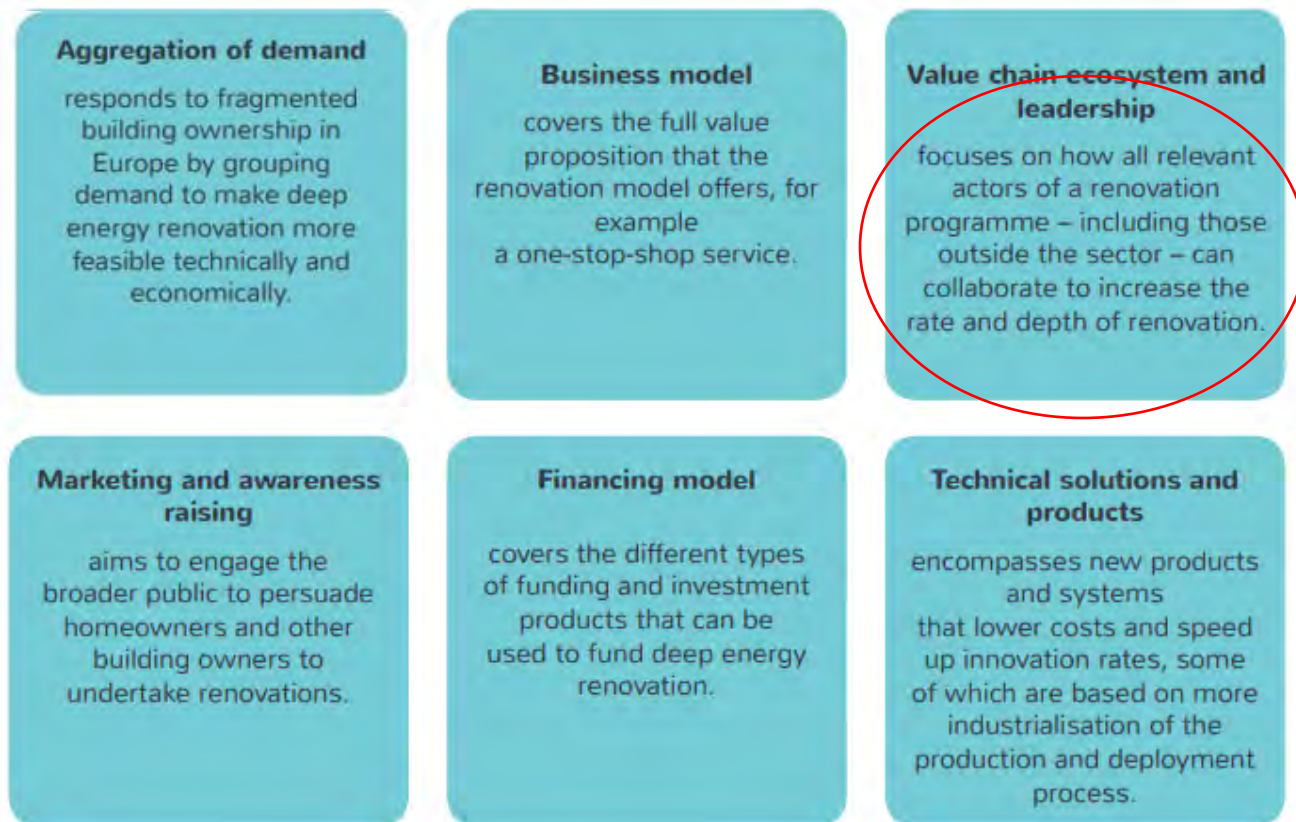
- Efforts required to plan and get reliable cost estimates
- Lack of/ limited investment capacity
- Non-energy related costs not covered by renovation programmes
- Limited access to financing (public, private, blended)
- Limited supply (contractors, materials, workforce)
- No cost-monitoring /guarantee of results
- Complex and time-consuming process (planning to delivery)

PORTFOLIO OWNER

- Limited aggregation (projects/measures)
- No volume purchase
- Complex processes
- Lack of skilled workforce
- No turn-key process
- Financialization*



KEY SUCCESS FACTORS TO SCALE UP RENOVATION



Source: BPIE

- Trained workforce
- Integrated advisory services & business models
- Solutions tailored to different owners and building type
- Consider the social and economic ecosystem*





KEY SUCCESS FACTORS TO SCALE UP RENOVATION

Local authorities key

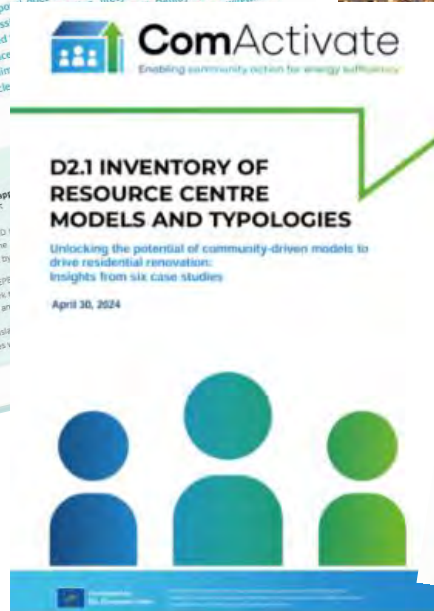
- ▶ Local authorities are catalysts in mobilising value chain
 - Facilitators to align industry actors, market players and end-users
 - Speed up development of (innovative) projects
 - Access to resources
 - Autonomy in decision-making (investments, renovation funds, administration)
- ▶ Flexibility to enable tailored building renovation strategies





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FRAMEWORK LOAN TO SUPPORT RESIDENTIAL ENERGY EFFICIENCY PROJECTS IN ITALY

SNAM/RENOVIT

Snam Climate Action Framework Loan



November 2024

E N E R G Y I N F R A S T R U C T U R E F O R A S U S T A I N A B L E F U T U R E

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Snam Energy Transition



**Energy Efficiency
Strategy: Renovit**



**EIB Climate Action
Framework Loan**



Leading pan European gas infrastructure operator, with an approach aiming at the energy transition

Italian and International assets (pro-quota)

~37,400
km¹

Transport

~20 bcm
capacity²

Storage

~20 bcm/y
capacity³

Regasification

Italian assets

~33,000
km⁴

Transport

~17 bcm
capacity

Storage

~17 bcm/y
capacity⁵

Regasification

New businesses for energy transition

BU
DECARB

H2 & CCS project
development

greenture

Midstream LNG,
Downstream L-CNG & H2

bio
enerys

Biomethane

renovit

Energy efficiency

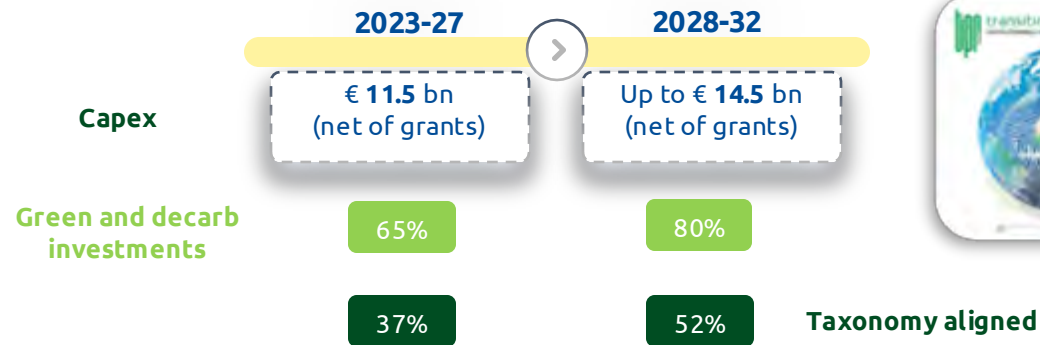


1. Including TAG, Desfa, GCA, Terëga, Interconnector, TAP, Adnoc gas pipes, EMG, Seacorridor pro-quota transport km
2. Including also Terëga pro-quota storage capacity
3. Including also Golar Tundra, BW Singapore and the pro-quota of OLT, Adriatic LNG, Revithoussa and Alexandroupolis
4. o/w 10,000 national & 23,000 regional network
5. Including also Golar Tundra and BW Singapore

Transition Plan Key Messages and our Energy Transition Platform

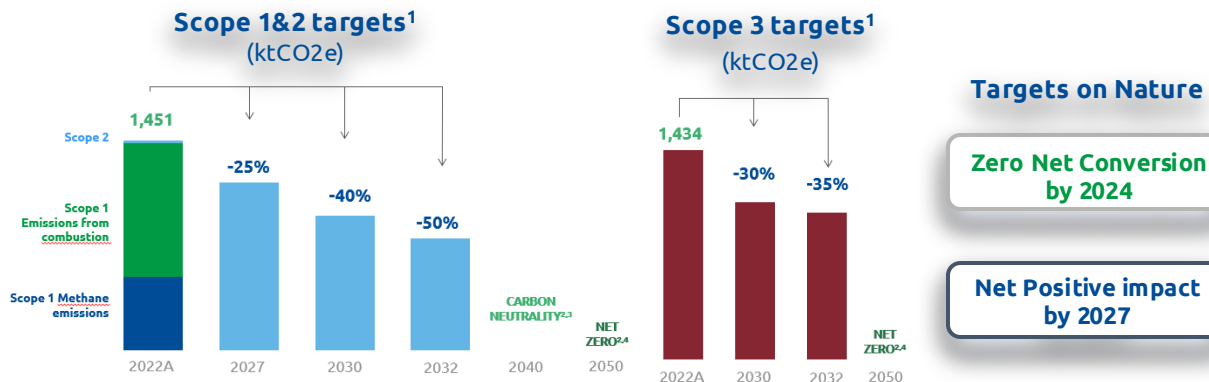
Our Ambition

Snam's vision is to become a future-proof pan-European multi-molecule infrastructure operator



Climate and Biodiversity strategy

Snam is committed to reduce its carbon footprint across Scope 1,2 and 3 in line with the Paris Agreement and to have a positive impact on Nature by 2027



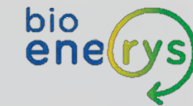
1. On Regulated perimeter as of 2022
2. On full Snam Group perimeter

3. CARBON NEUTRALITY: requires to fully offset the residual emissions
4. NET ZERO: requires at least -90% emissions vs base year and the neutralization of residual emissions through permanent carbon removals

Energy Transition Platform

Dual role in supporting **biomethane** take up:

- New plants connection to the network
- Large production platform development



500 ktons
avoided
emissions
in 2027

Promote buildings, companies and public administration **energy efficiencies**



Develop the **largest CCS** in the Med (Ravenna project **>500 mtons** total capacity)



Promoter of **South H₂ corridor**, on site use testing and domestic **H₂ valleys**



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Snam Energy Transition



**Energy Efficiency
Strategy: Renovit**

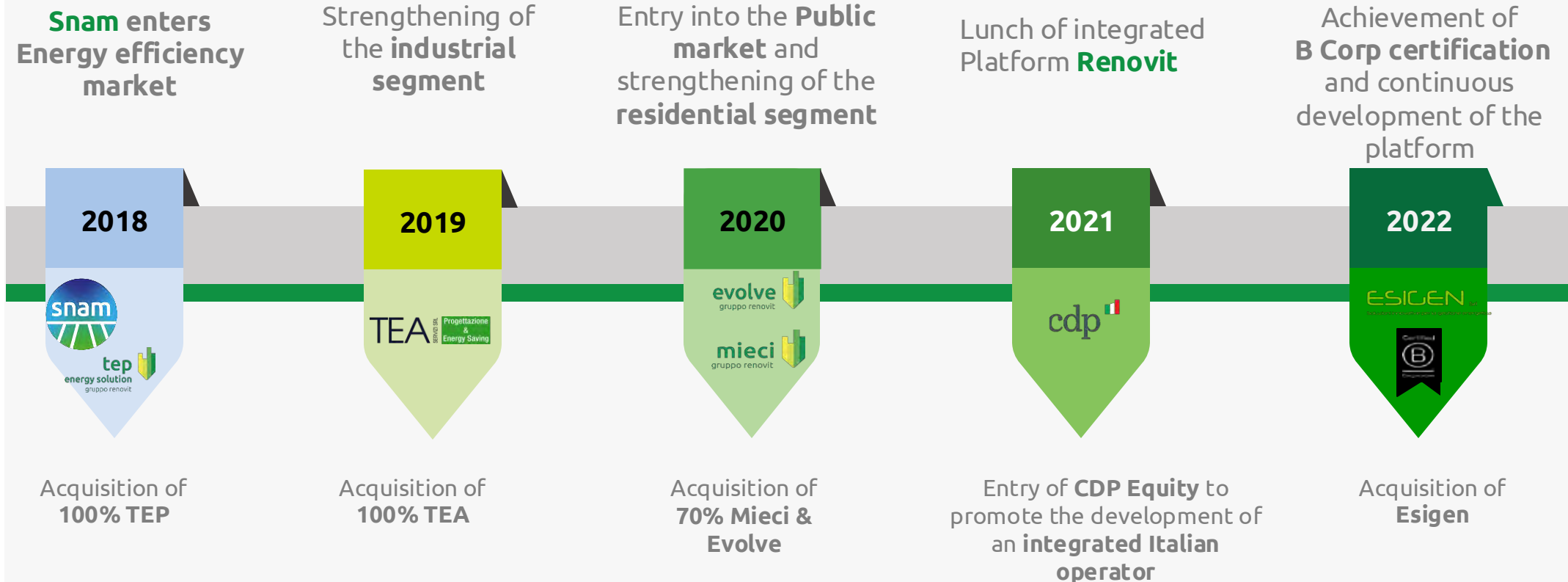


**EIB Climate Action
Framework Loan**

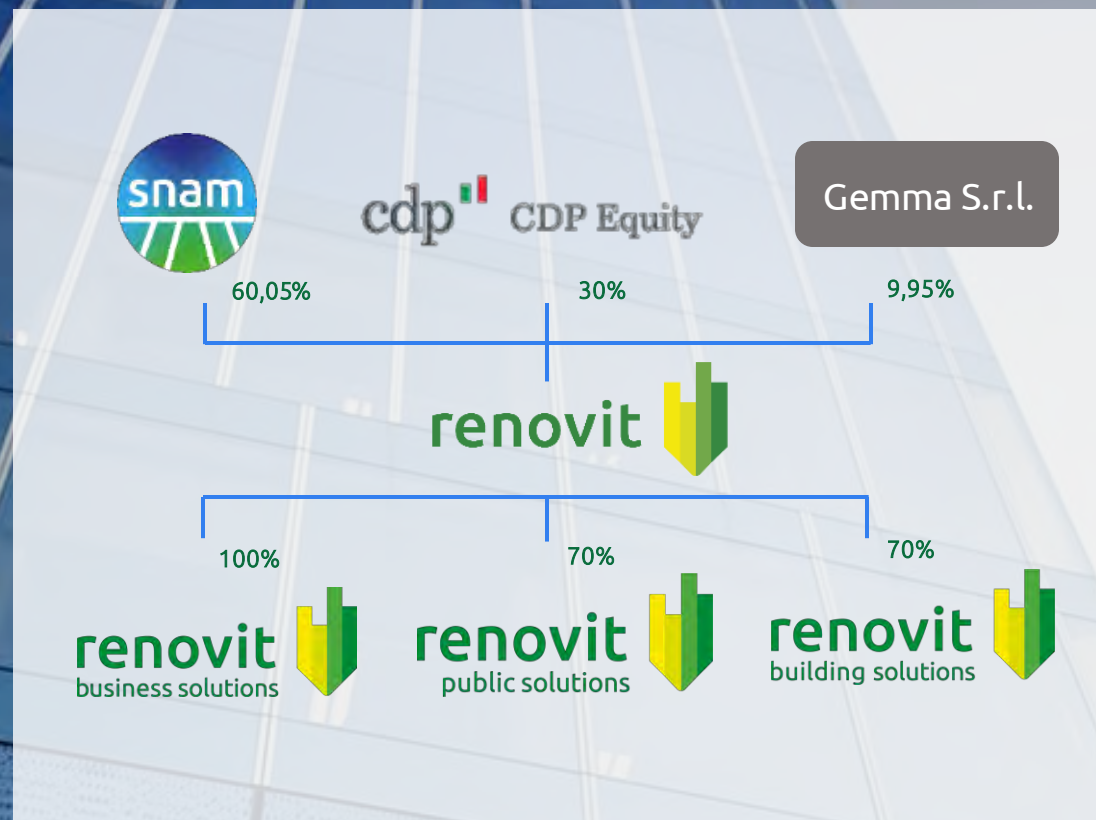


Energy Efficiency: Renovit evolution and positioning

**Acquired a leading position in the market in 4 years
leveraging on a technology platform that drives organic growth**



Renovit: corporate structure



Renovit developed a comprehensive approach to energy efficiency and decarbonisation

Identifying integrated solutions for each sector of intervention



Industrial & SMI

Energy upgrading of plants and structures, also through infrastructures for self-consumption, energy and environmental procedural actions for the reduction and compensation of the carbon footprint.






























Public Administration

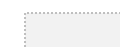
Energy requalification of plants and structures, management of the energy service and multiservice technology for public buildings, public lighting and water systems.



Residential & Tertiary

Energy renovation of systems and envelopes, management of the energy service of public and private condominiums and offices.

Services ►	Design & Installation	Asset Management (EnPC)	Energy Communities	Energy Service	Hard Facility Management	Deep Renovation	Data Management
Sector ▼							
Large Industrial Companies							
SME							
Public Administration							
Tertiary							
Residential buildings							



Not Present



present or developing



Renovit can benefit from a full-fledged organizational and operational structure capable of executing energy efficiency projects, leveraging on the distinctive skills consolidated in the different segments.

The residential market

Current State of Residential Buildings in Italy

Inefficient Heating and Cooling Systems

Many existing buildings in Italy have inefficient heating and cooling systems, which cause relevant energy consumptions and contribute to expensive energy bills. **Upgrading to energy-efficient systems** can help reduce energy costs and improve comfort levels for occupants.

Poor Insulation

One of the main challenges for existing buildings in Italy is poor insulation, which leads to significant energy losses. **Improving insulation** can lead to sizable energy savings and enables reduction of the environmental impact.



Renovit approach



Analysis, design and valuation

Renovit with his **multi-annual experience** supports the client through these phases



Execution, delivery and financing

Renovit is the **one-stop shop** for the client and manages all the parties involved



Operation and maintenance

Renovit operates the plant according to the heights standard to **maximize the energy saving**

A changing regulatory framework



2020 – 2023

Tax deductions schemes boosted investments in residential buildings



- **Superbonus**: up to **110%** tax deduction scheme for multi-apartment buildings, public housing and non-profit organizations; **credit-transfer option** until beginning 2023
- Results: renovation of around **500.000 buildings** (out of 12,5 Million)



2023 – 2024

New EU legislative framework for energy efficiency



- Approval of Directives: **Energy Performance of Buildings (EPBD) / Energy Efficiency (EED)**, to be implemented by Q3 2025 / Q2 2026
32,5 Mtep di energia finale in valore cumulato
- Main target - Annual average primary energy consumption: **- 16% by 2030; - 20-22% by 2035**

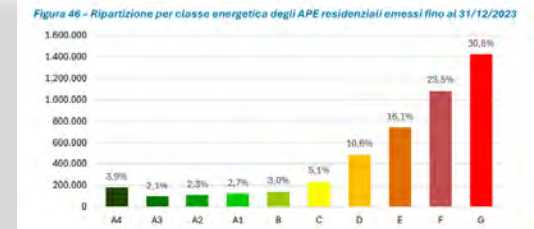


2025 – 20...

Designing a **new IT legislative framework** for efficiency investments



- Announced of 3-year tax deductions (**50 - 36%**)
- **Additional measures** currently discussed (white certificates for residential)



Further effort / investments required in the residential sector

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Snam Energy Transition



**Energy Efficiency
Strategy: Renovit**



**EIB Climate Action
Framework Loan**



Snam and EIB: a decade-long relationship

- EIB is a **key institution for Snam** given its role and **>10Y legacy partnership** for the Group
 - **One of Snam's top lenders** in terms of drawn amounts (ca. 10%)
 - Outstanding financing agreements totaling nearly **€ 1.5 bn** with maturities up to **2039**
 - **Very competitive source of funding** in terms of cost / tenor
- Starting from 2019 EIB launched a revision of its Energy Lending Policy, providing support on **energy transition** initiatives and on **low-carbon gas initiatives**
- **Most recent transactions refer to 2024 and 2021**, where EIB started to support the Group's energy efficiency projects for residential and industrial sectors and a constant dialogue is ongoing on future initiatives in line with EIB's Energy Lending Policy

Continuos dialogue on eligible projects linked to energy transition

€ 250 mn Climate Actions Framework Loans

Climate Action Framework Loan I

- **€ 150 mn** loan agreement signed in **June 2021** to support the Group's energy efficiency projects for residential and industrial sectors
- Related to initiatives totaling **€ 200 mn**, which mainly consist of **energy requalification of residential buildings** and energy efficiency and decarbonisation measures for industrial activities
- **Fully disbursed in tranches** between 2022 and 2023

Climate Action Framework Loan II

- **€ 100 mn** loan agreement signed in **June 2024** to support energy improvement projects mainly in public buildings and energy efficiency measures for industrial activities
- Projects, for total cost of c. **€ 135 mn**, will help to improve the energy efficiency of **buildings in Italy and production of clean energy**
- To be disbursed in the coming 3 years

Main Energy Efficiency applicable eligibilities: (i) **Renovation of existing buildings** (major renovations or 30% primary energy savings and individual measures) and (ii) **Energy Efficiency in industry**

Key take-aways of a “Framework Loan”...

Very flexible features and unique characteristics combined with **EIB team availability**

Sizeable support

- Up to **75% financing of eligible initiatives costs** (vs. standard 50%)

Framework Loan

- No “upfront” identified pipeline of projects to size the loan, rather a **basket of initiatives** including small projects (even < € 1 mn)

Disbursement flexibility

- Through several tranches over a period of up to **3 years**, thus allowing promoters to have **ample headroom to allocate initiatives according to their maturity**

Long / flexible maturities

- For each tranche, **tenor up to 15 years and no capital repayments for up to 3 years**

Fixed or Floating

- Optionality for each tranche... **leveraging on EIB cost of funding**

- The **Framework Loan format precisely fits** for energy service companies / promoters looking at supporting their energy efficiency initiatives journey, consequently addressing the chronic underinvestment in energy efficiency for buildings: the Climate Action Framework Loans demonstrate how to scale up and industrialize this sector, complementing EIB's additionality to national energy efficiency incentives
- Through this **peculiar financial instrument**, EIB provides the system with a **distinctive additional toolkit** compared to available market alternatives

...Highlights on projects financed...

Energy Efficiency Projects in Residential Market with EIB



78 residential buildings subject to major renovation



4,264 tons of CO2 avoided every year thanks to Energy Efficiency Intervention



More than **200 million** major renovation works value (dedicated for more than 80% to Energy Efficiency)



Annual energy saving expected equal to **CO2 absorbed by more than 200,000 trees**

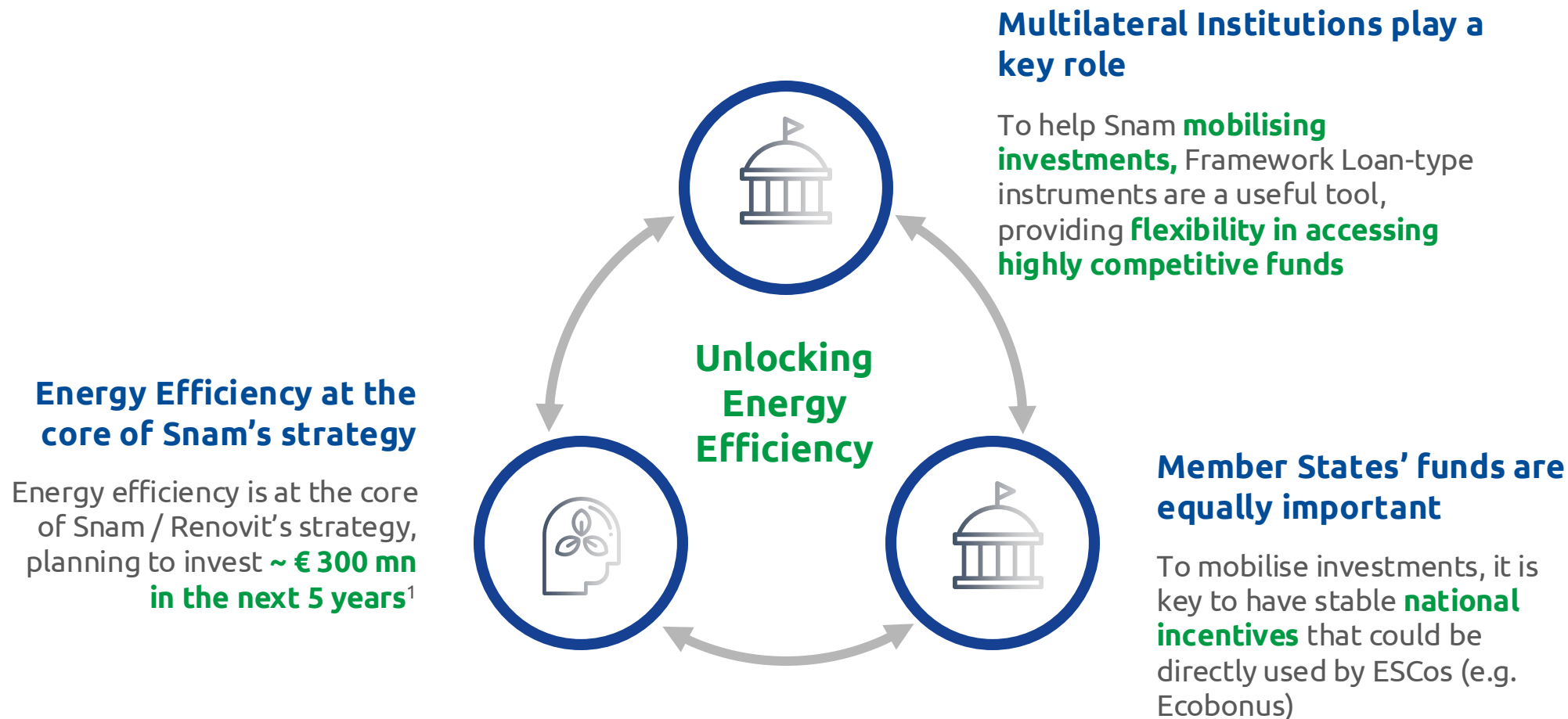


Improved **tenants' comfort**, achieved **energy bill saving** and improved **safety** in each building



428 MWh/year of decentralized renewable energy production

...and main “lessons” learned



Energy Service Companies, with their financial capacity and technical skills, can leverage on available instruments provided by Multilateral Institutions, like EIB, and on States incentives

1. According to the 2023-2027 industrial plan

Thank you!



UCI's Sustainable RE Financing Strategy

Sustainability solutions & measures Workshop



Milano, November 19th, 2024



Unión de Créditos Inmobiliarios

UCI

UCI's Sustainable RE Financing Strategy

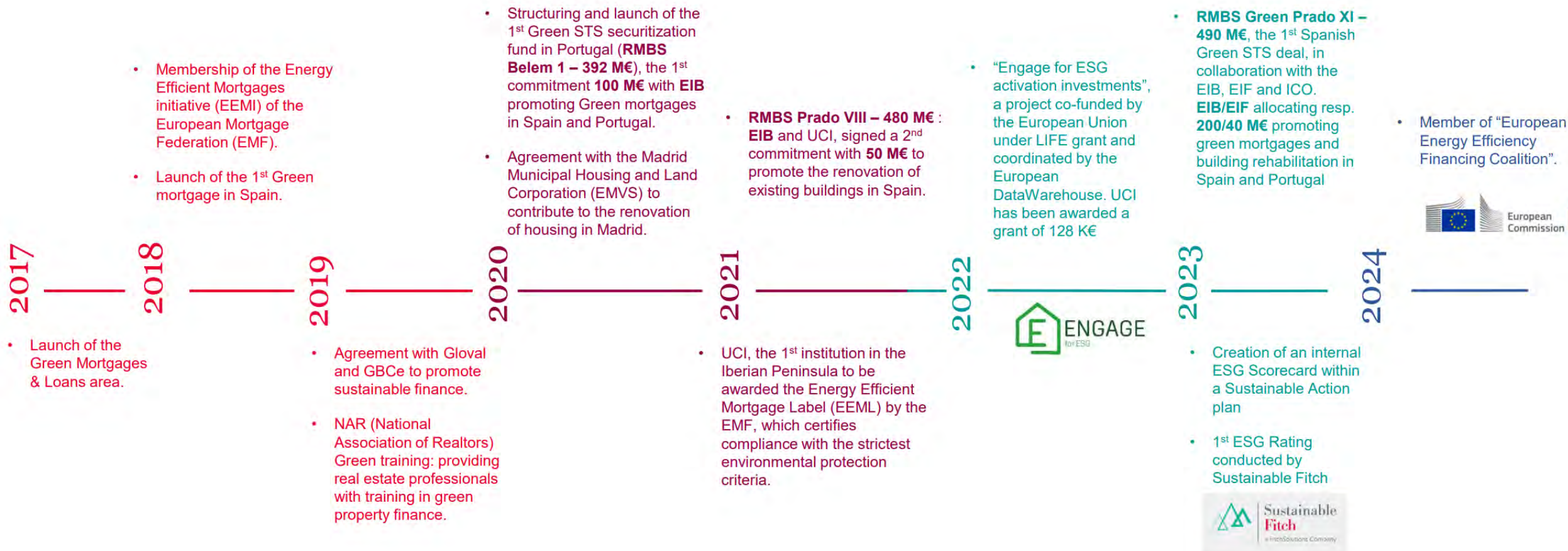
UCI (Union de Creditos Inmobiliarios EFC)

- A 50-50% JV between BNP Paribas – Santander since 1989
- A financial institution specialized and expert in housing finance and refurbishment with clients throughout the entire home purchase process in Spain and Portugal
- 30 years experience in RMBS Securitization
- Granting new green and sustainable loans to individuals and condominiums since 2018.



UCI ESG strategy

Recent Highlights



RMBS Prado VIII

HOME → MEDIA CENTRE → NEWSROOM → ALL RELEASES

Spain and Portugal: EIB and UCI join forces to renovate homes, reducing CO2 emissions by up to 10 269 tonnes a year

“This new partnership between the **EIB** and UCI is based on a single-tranche, a **€50 million** investment in a securitization of residential mortgages originating in Spain worth €480 million (RMBS Prado VIII). This funding will help to grant new green and sustainable loans to individuals and condominiums that are investing in building renovations.”

April 2021

European Climate, Infrastructure and Environment Executive Agency

Home | About us | Programmes | Funding opportunities | Beneficiaries' corner | News & Events | Publications

European Commission > CINEA > News & Events > Events > Introducing ENGAGE: A solution for EU Taxonomy Compliance

CONFERENCES AND SUMMITS

Introducing ENGAGE: A solution for EU Taxonomy Compliance

Background: ENGAGE is a European initiative aiming to facilitate the Renovation Wave by implementing the Energy Performance of Buildings Directive for residential mortgages and home renovation loans.

ENGAGE is a European initiative aiming to facilitate the Renovation Wave by implementing the Energy Performance of Buildings Directive for residential mortgages and home renovation loans.

ENGAGE strives to overcome the current challenges:

1. Interpreting the EU Taxonomy Regulation;
2. Capturing European public investment grants;
3. Collecting data for climate stress tests;
4. Complying with the General Data Protection Regulation.

Two solutions are envisaged:

1. A one-size-fits-all disclosure template and taxonomy; and
2. A centralised Green Investment Portal (GIP).

ENGAGE 4 ESG membership
November 2022

May 2020

RMBS Green Belém No.1

HOME → MEDIA CENTRE → NEWSROOM → ALL RELEASES

EIB and Unión de Créditos Inmobiliarios join forces to boost energy efficiency projects in Spain and Portugal

“The agreement will enable UCI to generate a new portfolio of green financing of at least **€100 million in Spain and Portugal**, which includes mortgages, loans to individuals and loans to associations. To this end, the **EIB** will participate in the senior tranche of a residential mortgage-backed security (“RMBS”) for a total amount of approximately €100 million.”

June 2022

ELENA

HOME → MEDIA CENTRE → NEWSROOM → ALL RELEASES

Spain: The EIB and the European Commission provide UCI with €2.6m to mobilize €46.5m for energy efficient housing

“The European Commission, together with the European Investment Bank (EIB), have allocated **€2.6 million** from the European Local Energy Assistance (ELENA, European Local Energy Assistance) program to support the Residential Energy Rehabilitation (RER) project promoted by UCI. Thanks to ELENA, UCI’s RER project aims to rehabilitate 3,720 homes and mobilize €46.5 million in eligible investments.”

March 2023

RMBS Green Prado XI

HOME → MEDIA CENTRE → NEWSROOM → ALL RELEASES

Spain and Portugal: EIB Group and ICO invest in UCI securitisation fund for renovating and building residential homes using sustainable criteria

“The **EIB Group** will make an investment commitment of **€240 million, €200 million from EIB and €50 from EIF**. EIB’s amount is split into €121.4 million for class A and €78.6 million for class B, meanwhile EIF’s allocation is in class A. ICO is investing €100 million in class A.”

UCI Loans backing Green Prado or Green Belem RMBS transactions

Pool of granular first ranking, prime residential performing mortgages granted to individuals resident in Spain (for Prado deals) or Portugal (for Belem deals) for financing the purchase of their 1st residence (Owner Occupied), following very similar strict granting rules.

Class A notes and Class B notes, from the RMBS deals, were designated as «Secured Green Standard Bonds» in line with the ICMA Green Bond Principles (previous standard to the current GBS framework). UCI will undertake to use an amount equivalent to the net proceeds of the issuance of the Class A Notes and the Class B Notes to finance Green Projects in accordance with its Green Financing Framework.

Mortgages have a 20-30 year tenor when RMBS Bonds have a maximum of 5 years, needing the pool to be “re-loaded” in the next Prado/Belem deals

Not necessarily high EPC homes were financed here in these pools, as UCI committed with EIB Group on “use of proceeds” in the following 5 years on new mortgages or Condominium Rehabilitation programs (unsecured loans) following the “Green” guidelines agreed and reported every quarter (receiving an allocation letter from EIB/EIF that the loans were eligible to the different programs)

Green Guidelines aligned with evolving EU Taxonomy

The compliance with the relevant requirements of the STS, LCR and the CRR regulation was assessed by Prime Collateralised Securities (EU).

UCI's new Products

Example of UCI Condominiums rehabilitation unsecured loans impact

Real case of efficient homes

Poblado dirigido de Orcasitas



The Neighborhood of Orcasitas, located to the south of Madrid in the Usera district, has a population close to 23,000 inhabitants. The majority of the buildings date back to 1980 and were in a poor structural condition, conservation, and energy efficiency status.

This neighborhood has undergone a significant rehabilitation process: more than 90 out of a total of 107 buildings have already been rehabilitated.

It has become the first nearly zero-energy consumption neighborhood in Spain.

The works carried out to remove parapets, asbestos, and install External Thermal Insulation Composite Systems (ETICS) have achieved a 58% reduction in CO2 emissions and improved the energy rating of the buildings from E to C, with a corresponding increase in property value due to these improvements.

Between 60% and 70% of the works have been subsidized by the Madrid City Council, while the remaining 30% has been financed by entities such as UCI.

Before SATE



After SATE



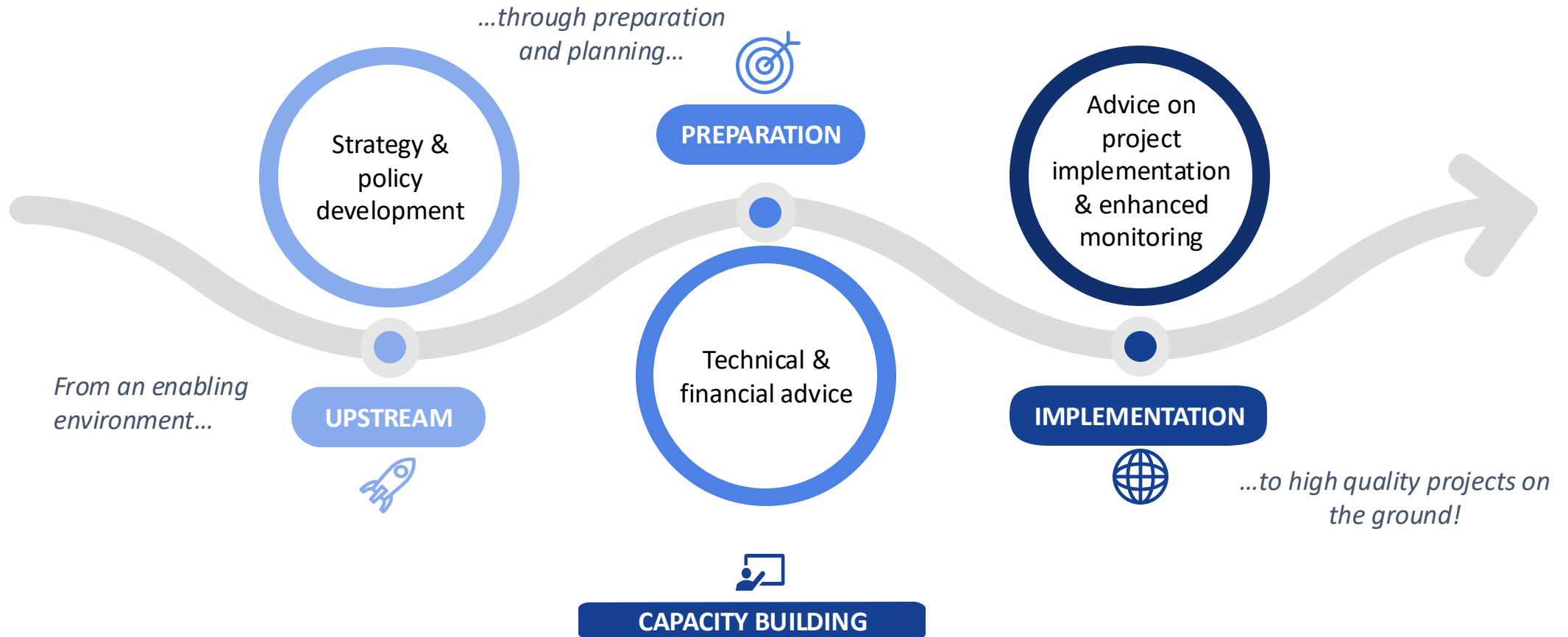
Grazie



EIBG ADVISORY SUPPORT



Support throughout the project lifecycle



Knowledge-sharing on technical/financial issues - Practitioner communities and resources - Dissemination of best practices

Portugal

Energy Efficiency Market Development

Objective of the Assignment

Support the Directorate General for Energy in **identifying and assessing the optimal options to accelerate the financing and implementation of energy efficiency investments** in Portugal, both in residential and public sector buildings

Scope of the Support

- Identification of **sector stakeholders, assessment of the market size** (stock of buildings requiring energy efficiency investments and related financial values), **relevant legislation and support instruments**, as well as the **preliminary identification of the existing barriers/bottlenecks** for the development of energy efficiency investments, targeting supply and demand of both markets
- Delivery of a **comprehensive consultation process with key stakeholders** identified, in order to confirm and consolidate the initial analysis of barriers, confirm the performance of regulatory and support instruments in place and consolidate data on investment needs
- Deliver an **investment strategy for public sector and residential buildings** with proposals for action targeting the regulatory framework and the design of new funding and financing instruments to be deployed
- For public sector buildings, consolidate a set of **pilot projects for acceleration of investment** with for potential direct EIB support



INVESTEU

Ireland

Social Housing Energy Efficiency Retrofit

Objective of the Assignment

Propose optimal **options for the procurement, delivery, funding and financing of energy efficiency retrofits of social housing** in Ireland, in support of the Limerick City (5,500 homes) and Dublin City (28,000 homes) Municipalities and Cooperative Housing Ireland (5,500 homes)

Scope of the Support

- Analysis of the **investment(s) required across the portfolio** of social homes
- Analysis of **lessons learned from comparable social housing retrofit programs** in other EU/European countries
- Assessment of existing and forthcoming **policy and funding measures and their applicability and sufficiency to meet the investment needs** (including EU funds)
- Analysis and **recommendation of the optimal procurement and contracting strategy (or strategies) for delivering the investment need**, including recommendations of any funding and/or other policy measures required
- Analysis and **recommendation of the optimal financing strategy (or strategies) to deliver the financing required** for the investment, including recommendations of any policy measures required in order to support such strategy (or strategies)



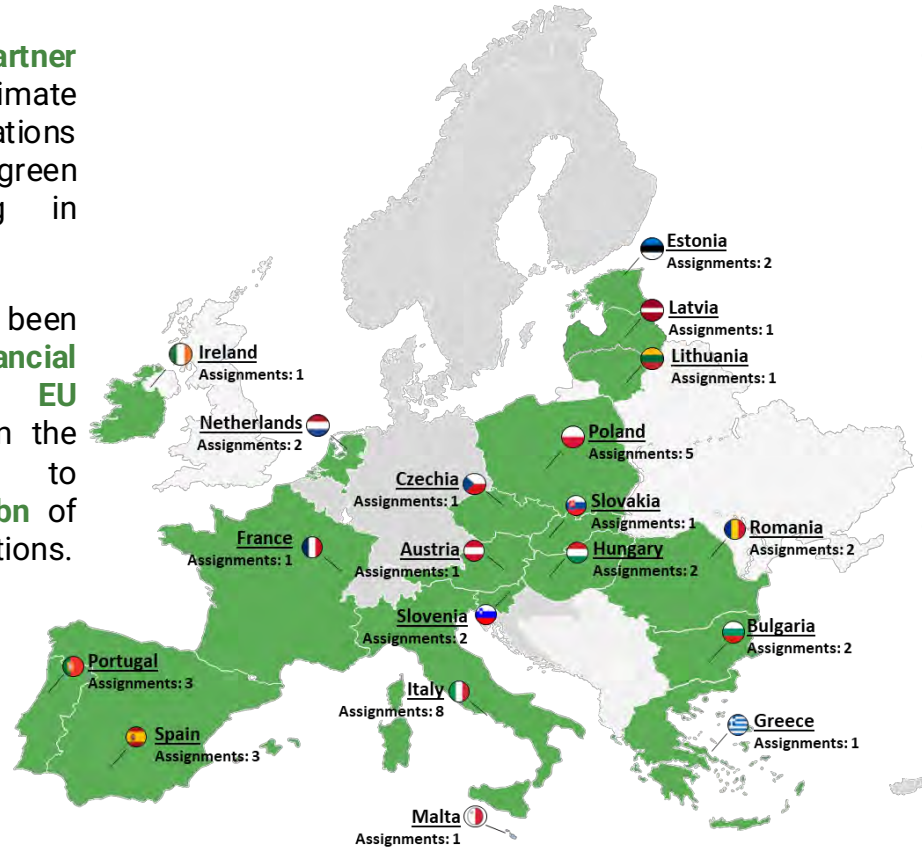
INVESTEU

Green Gateway programme – An expanding offer for EIBG financial intermediaries

Advisory programme, funded under the InvestEU Advisory Hub, to increase the role of financial intermediaries in EU efforts to transition to a low-carbon and climate resilient economy, including in housing.

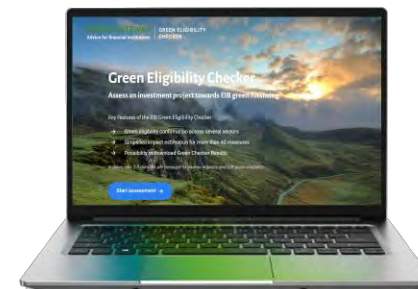
Bilateral Advisory Support

- Supporting **EIB partner institutions** with climate action ambitions/operations to increase green investments, including in housing.
- To date, support has been provided to **37 financial intermediaries in 19 EU countries**, with more in the pipeline, linked to approximately **EUR 6.6bn** of EIB intermediated operations.



WEB Based Advisory Services

- Eligibility web-tools including the **award-winning Green Eligibility Checker**:
- Green Checker** is an online tool helping financial institutions, SMEs and **homeowners** assess green eligibility of projects, estimate their impact and produce PDF report with assessment results. Total of **50 investment activities** covered in the tool, **over 20 have relevance for the housing sector**.
- Green Gateway Helpdesk**, providing answers to technical questions of intermediaries in relation to eligibility and impact reporting requirements of EIB Green intermediated products and EIF's IEU Sustainability Guarantee.
- Green Gateway Webinar trainings** and **e-Learning platform** (upcoming service) to enhance understanding of financial intermediaries in relation to green topics and criteria.



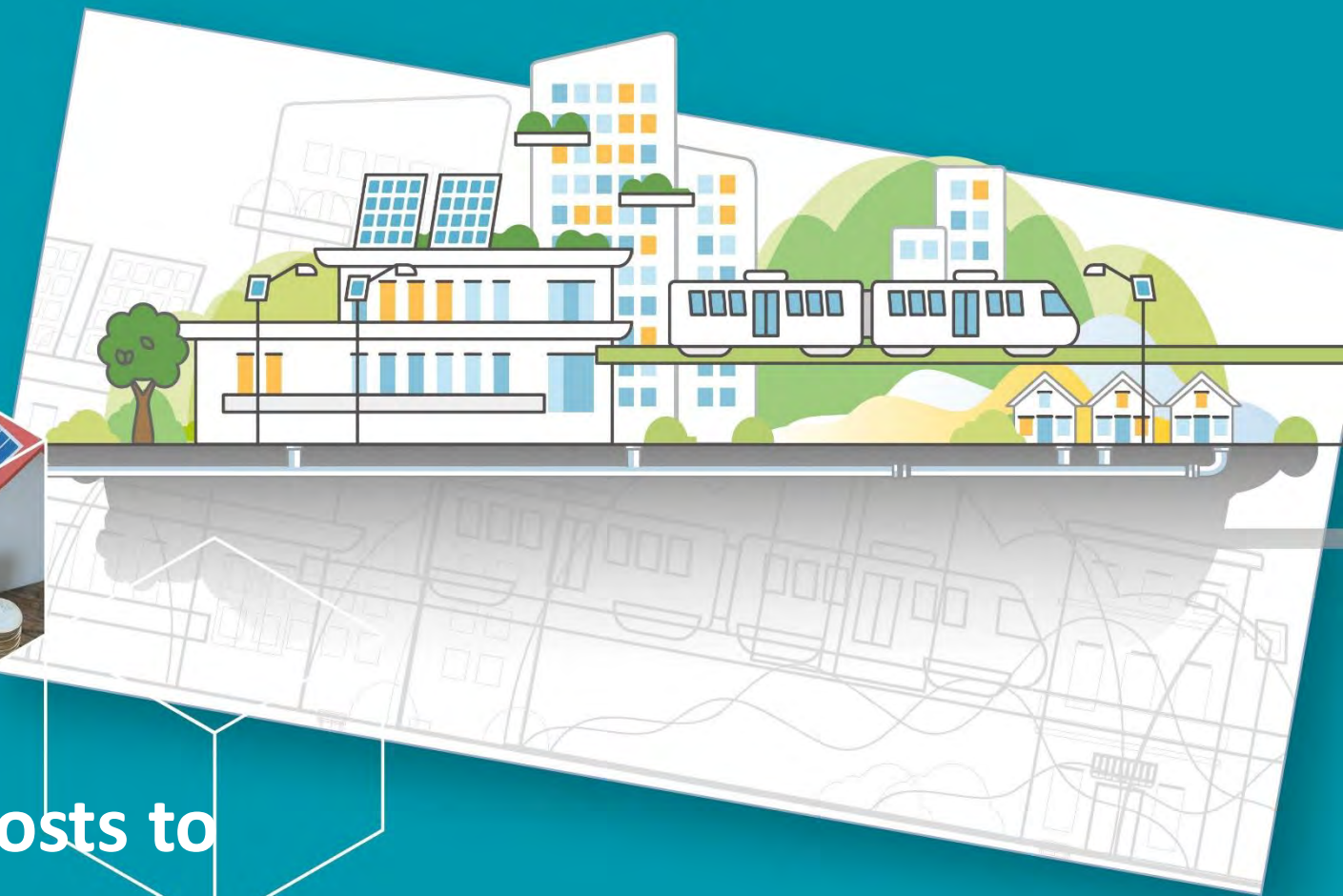
EIB Green Eligibility Checker:

43,173 total visits from 155 countries during November 2021 (launch) – 30th September 2024.

ELENA

European Local
Energy Assistance

Making investments happen



Grants covering development costs to enable energy investments

PRIMAVERA: Navarra building stock renovation programme

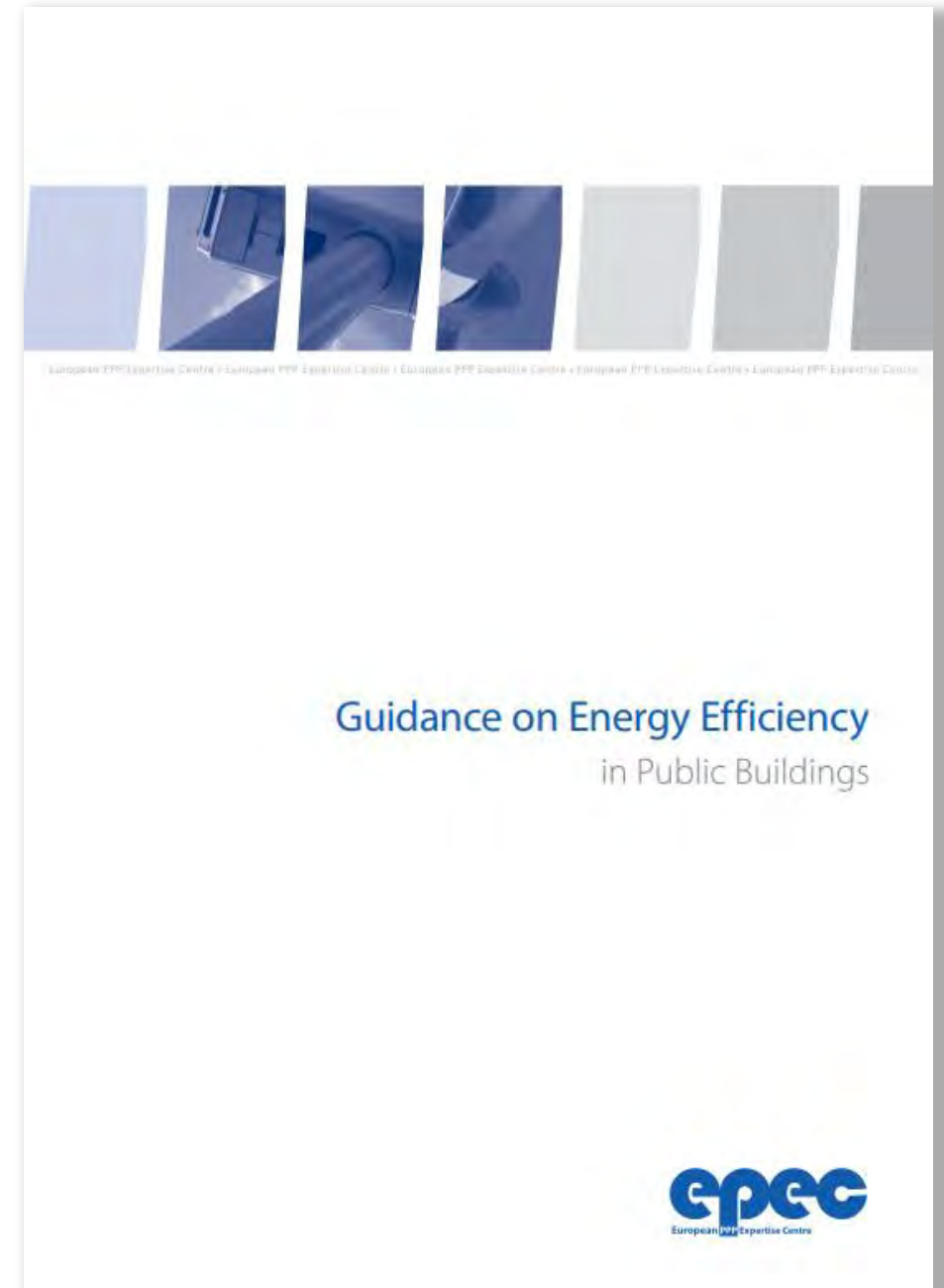
- Beneficiary: NASUVINSA (Navarra de Suelo y Vivienda, S.A.)
 - Objective: energy efficient renovation of 1,900 privately and publicly owned dwellings (about 90% of the investments in privately owned dwellings), aiming to reduce the heating related energy consumption by 70%. The is not exclusively focusing multi-apartment buildings but also targets single family units located across the region of Navarra.
 - Investment cost planned: 40 MEUR, 43+ MEUR realised
 - ELENA support: 2.48 MEUR
 - PDS activities supported:
 - 6 One Stop Shops implemented in the Region of Navarra.
- The ELENA support was used to:
- Mobilize the HOAs and homeowners for building renovation and provide the necessary support during the decision making process.
 - Develop all the necessary preliminary technical studies;
 - To help the HOAs and homeowners to apply for the available financing schemes and to run the tender procedures to select the works subcontractors



Guidance on Energy Efficiency in Public Buildings

Purpose of the Guide

- The overarching objective of the document is to **discuss the use of public-private partnerships in the delivery of energy efficiency investments** in public sector buildings
- The document **presents good practices and delivers recommendations for the public sector in the performance of its different responsibilities** along the key phases of the lifecycle of energy efficiency PPP projects (identification, preparation, procurement and implementation)
- The Guide discusses several key topics, such as **the use of several types of EPCs, the role of the ESCOs and the suitability for different objectives of the public sector**, preparations to launch tenders, project management good practices, etc



Q+A

WRAP-UP

Conclusions

- Regulation needs to be in place
- Technical Assistance needs a targeted design
- Advisory, e.g. InvestEU, is free of charge
- Substantial demand for subsidies for project development costs
- Importance of support in the decision-making process in residential buildings
- Targeted use of national grants; capital grants vs. interest rate subsidies

Steps forward: Open invitations for discussions on adapted instruments



European
Investment Bank | Group

Developing actionable strategies to increase the supply of affordable and sustainable housing

Lunch break





European
Investment Bank | Group

Developing actionable strategies to increase the supply of affordable and sustainable housing

Affordability – solutions & measures



Developing actionable strategies to increase the supply of affordable and sustainable housing

Overview of potential solutions

Andrea Colantonio, EIB

Julien Chebbo, EIB

Andrea Marcello, Mandate Manager, EIF



INTRODUCTION

Delivering affordable housing in the EU faces several significant challenges

- lack of a commonly agreed definition
- regulatory uncertainty concerning EU competition law and State Aid rules
- incipient regulatory frameworks in some Member States
- high land and construction costs
- limited public funding and subsidies
- difficulties in coordinating among funding resources, and
- modest size of social and affordable housing providers across the EU

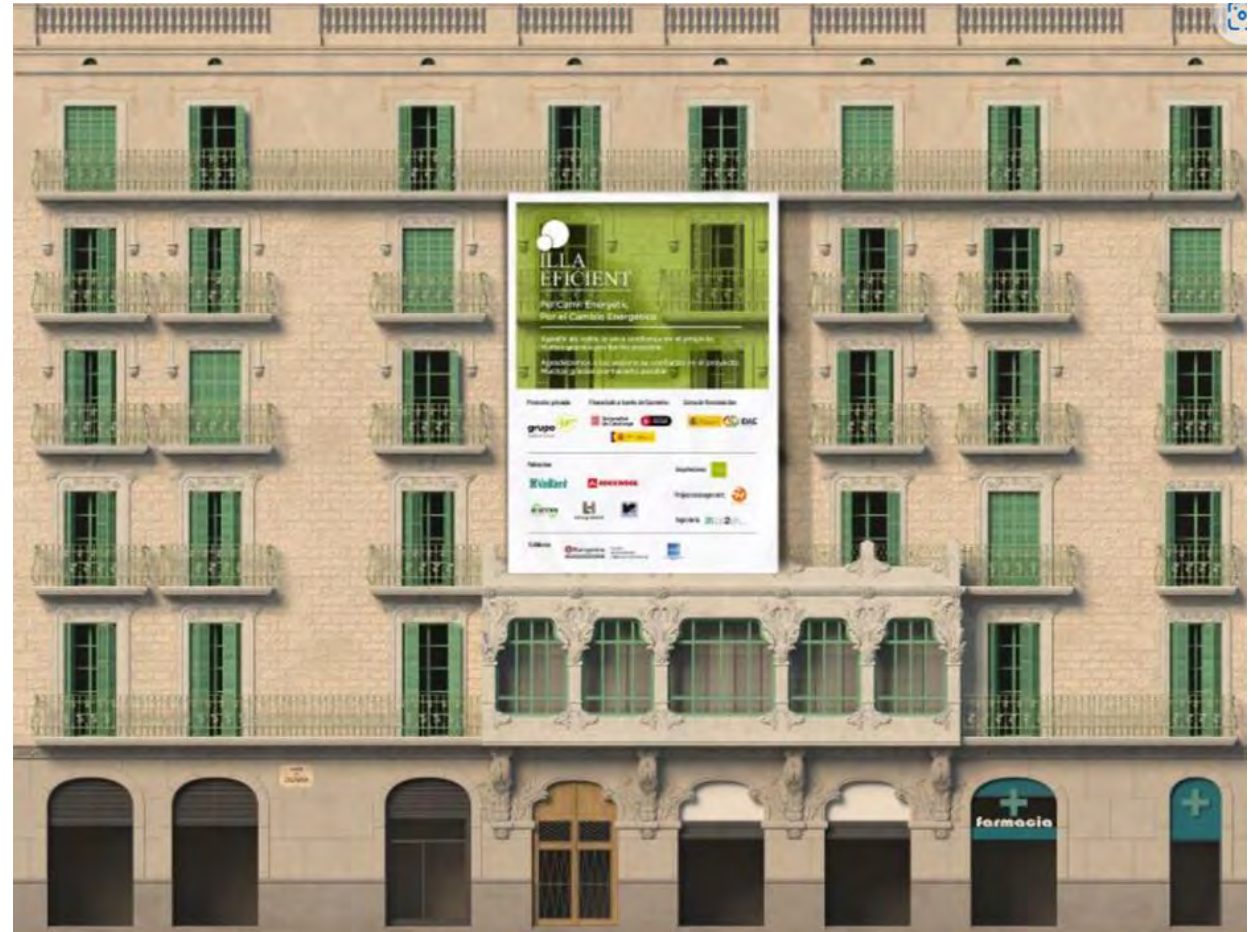
**A SET OF FINANCIAL AND
NON-FINANCIAL
SOLUTIONS IS REQUIRED**

EIBG SOLUTIONS CURRENTLY BEING DEVELOPED

Proposed Approach to Affordable Housing (draft)

Policy and advisory support

Financial tools and key role of partnerships



EIBG APPROACH

DRAFT DEFINITION OF AFFORDABLE HOUSING

“Residential accommodation that meets a minimum quality standard, is provided at below market prices, and is aimed to support disadvantaged citizens, who due to income or social constraints are unable to secure housing at market conditions”

*Indicatively, housing costs should not exceed 40% of the disposable income of the occupants

KEY FEATURES

- **Minimum policy and/or regulatory framework**
- **Paris Aligned** to low carbon objectives in compliance with EPBD.
- **Integrated in the urban environment** as part of an approved urban development or housing plan.
- **Transparent allocation** mechanism.
- **Rental Preference** but ownership is considered if there are safeguards to ensure it remains as “affordable housing”



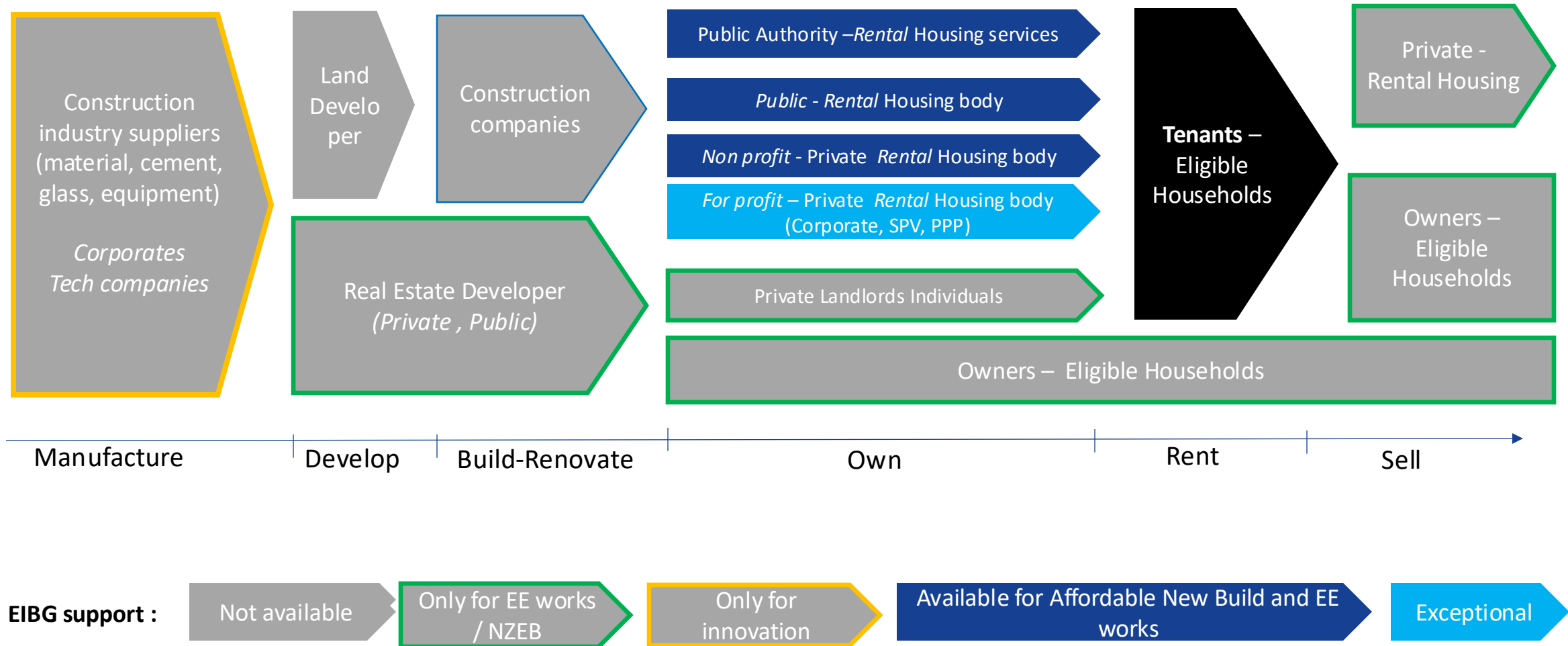
POLICY AND ADVISORY SUPPORT

Affordable housing is needed in all Member States, and challenges are most pressing in some countries where national housing policy is not well established

POLICY AND ADVISORY SUPPORT SOLUTIONS

- Development of national and local policy and regulatory frameworks, drawing on international best practice
- Development of implementation models: PPP, concessions, Funds, or public housing companies
- Capacity building to strengthen a municipality's capacity to deliver affordable housing or to set up an affordable housing company

From current EIBG Products for Housing Value Chain



potential enhanced and new EIBG Products for Housing Value Chain

Upstream finance support to construction industry

- EIB **Innovation** and **Decarbonation** loans for construction material and equipment suppliers
- Venture financing support to innovative construction companies and demos
- Access of Construction companies and RE developers to EIBG bank-Intermediated finance (working capital, loans) for **affordable housing**

Access to finance for Housing stakeholders (public, coop/non-profit, for profit private, individuals)

- Enhanced cooperation with *National Promotional Banks* with liquidity and risk bearing support
- Fast-track EIB lending in *established* markets, and Step-up lending & advisory in *emerging* markets
- Crowd-in *private finance* in housing delivery :
 - *Corporate, or Project* lending : PPP, Concession, and other schemes (REIT Funds, RE Developers, JV, EnPC, ESCO etc...)
 - Enhance EIF Social Infra *Equity* Funds
- Owners Occupiers and Private Individual Landlords:
Explore how *mortgage financing* can increase the supply of housing which is green and **affordable** ?

FINANCIAL TOOLS AND KEY ROLE OF PARTNERSHIPS - EIF

An intermediated business model

- EIF invest into financial intermediaries with equity and debt products multiplying public resources and increasing the supply of finance.
- EIF aims to have an anchor LP role to both have critical signaling effect to crowd-in private investors as well as ability to have significant structuring input in terms & conditions.

EIF in Affordable Housing

- EIF support affordable housing through equity investments into infrastructure funds.
- Main source of funding is the InvestEU Climate and Infrastructure Product; within the product, Social Infrastructure specifically focus on 4 main areas: Health & Care, Social Services, Education, Affordable and social housing

Cooperation with market participants

- In 2024 EIF and CDP Real Asset launched a joint initiative to support affordable housing in Italy
- The initiative aims to invest in infrastructure funds focusing on social, senior and student housing



THANK YOU!



Developing actionable strategies to increase the supply of affordable and sustainable housing

Feasibility of potential solutions Panel discussion

Moderator: **Andrea Colantonio**, Lead Economist, Urban development, EIB

Jochen Lang, Director, Housing Unit, Governing Mayor of Berlin Senate
Chancellery, Germany

Milan Hladík, Senior Counsellor, Ministry for Regional Development, Czechia

Filippo Catena, Director, CDP Real Asset, Italy

Anna Iafisco, Policy Advisor, Housing and Just Transition, Eurocities

José Cunha, Advisor, Cabinet of the Secretary of State for Housing, Portugal





European
Investment Bank | Group

Developing actionable strategies to increase the supply of affordable and sustainable housing

Wrap-up & summary of preliminary list of proposals for action plan





European
Investment Bank | Group

Developing actionable strategies to increase the supply of affordable and sustainable housing

Coffee break





European
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Developing actionable strategies to increase the supply of affordable and sustainable housing

Stepping up financing investments in affordable and sustainable housing

Panel discussion

Moderator: **Frank Lee**, Head of Division, Financial Intermediary Advisory, EIB

Radka Encheva Konstantinova, Policy Officer, DG REGIO, European Commission

Olivier Dumoulin, Investment Platform Advisor, EIB

Gatis Sniedzins, Head of Programme Development Department, Altum

Raphael Lehmann, Impact Investment Manager, Erste social finance,

Sophie Barbier, Director of European Affairs, CDC





Stepping up financing investments in affordable and sustainable housing

Radka Konstantinova, Regional and Urban Policy DG, EC

Olivier Dumoulin, EIB Advisory

19 November 2024

 #ficompass



What is new?

DG REGIO has been working with EIB Advisory to explore Financial Instrument and other combination options (including with grant) that would be available under Cohesion policy funds in 2021-2027 to support affordable and sustainable housing investments. It is intended to develop these into a model combination instrument for the sector. The aim of the Model Instrument is to provide MAs with a toolkit to adapt to their needs and situation.

- The main objective of the model instrument is to support investments for affordable housing by **mobilising additional private resources**
- Affordable and sustainable housing requires some form of **public support** to mitigate ultimate costs for the end beneficiaries and long-term financing needs to match housing units' duration.
- **Combinations of grants and repayable forms of finance – debt, guarantees, equity, quasi-equity** have been broadly used in some MS to finance this sector so far and these can be **replicated and scaled up using EU Funds and EIBG financing** under the model instruments.
- Given the heterogeneity of the market across the EU, in terms of how housing is delivered, regulated, and funded, **the model instrument intends to propose a number of financing combination options that can be further tailored** as needed to the specific situation in Member States.

EU Cohesion Policy Funds Programmes Contribution

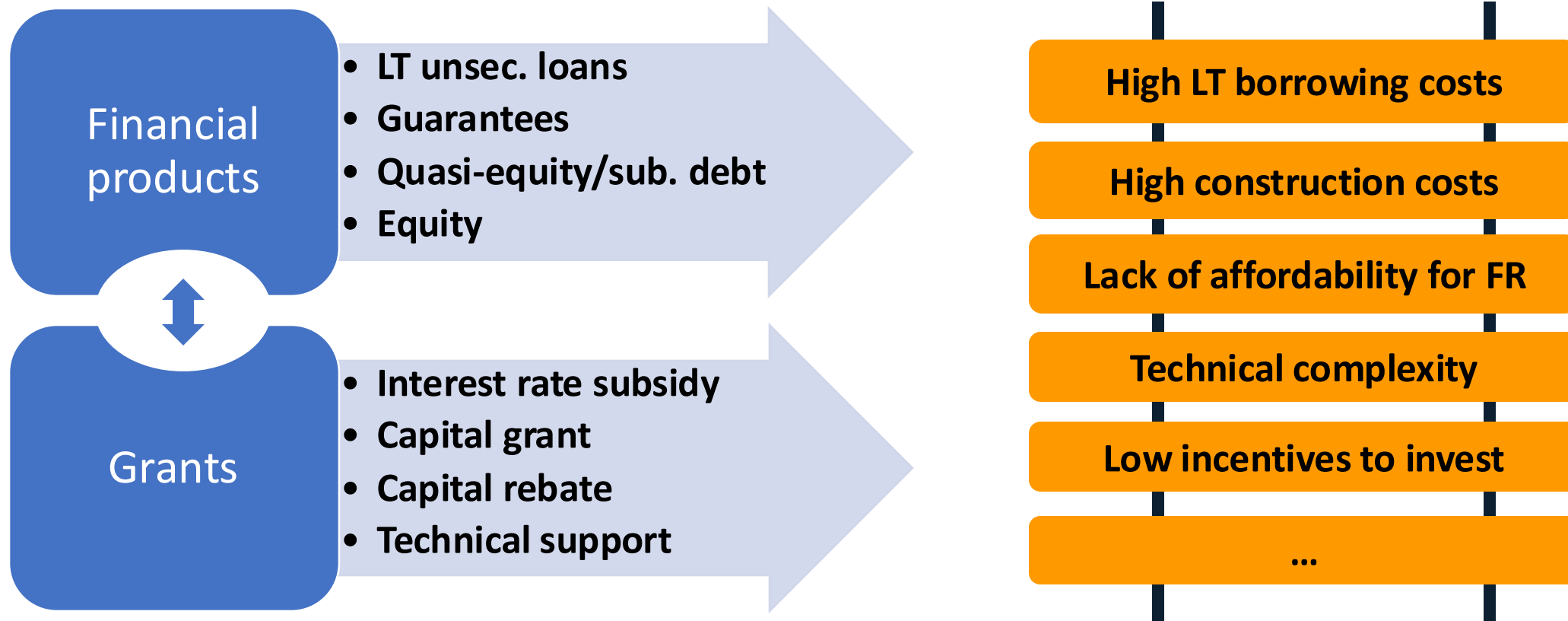
Commission will support an increase in EU Funds allocated by MS to affordable and sustainable housing

Member States may need to amend their existing programmes to allocate resources to support affordable and sustainable housing.

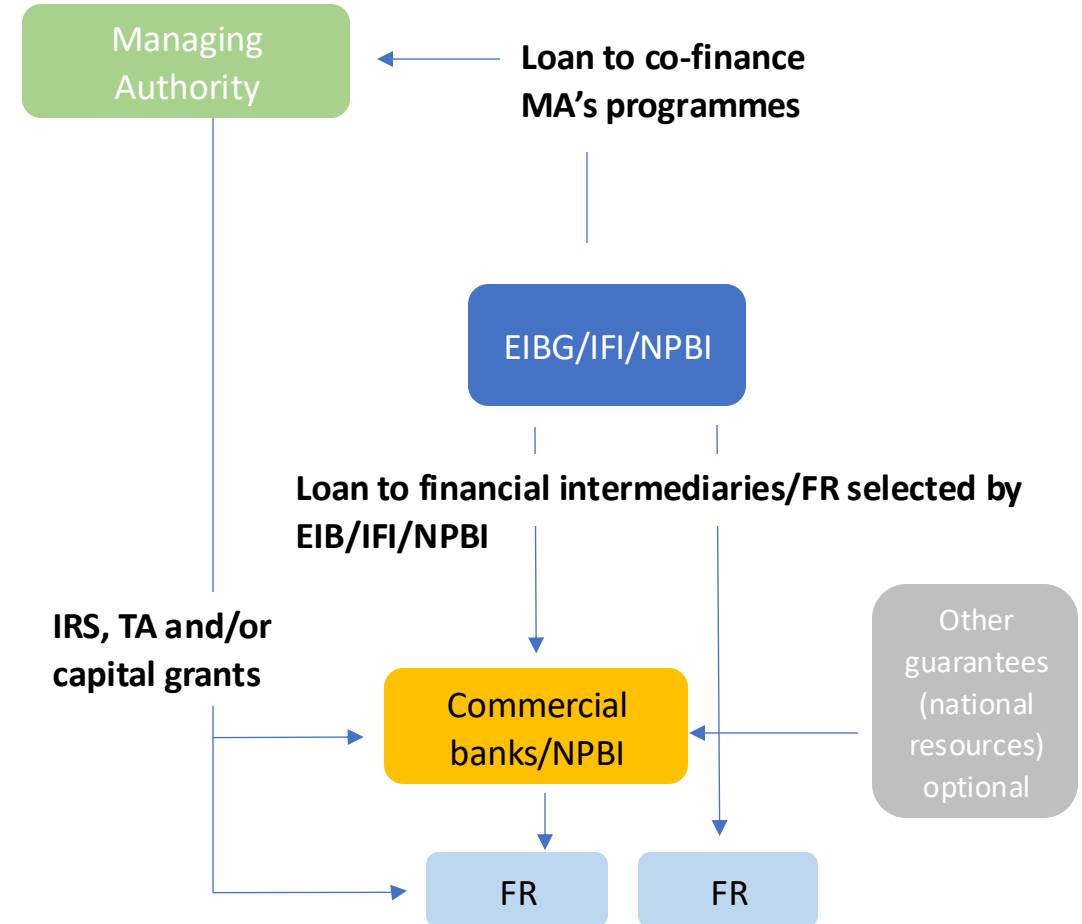
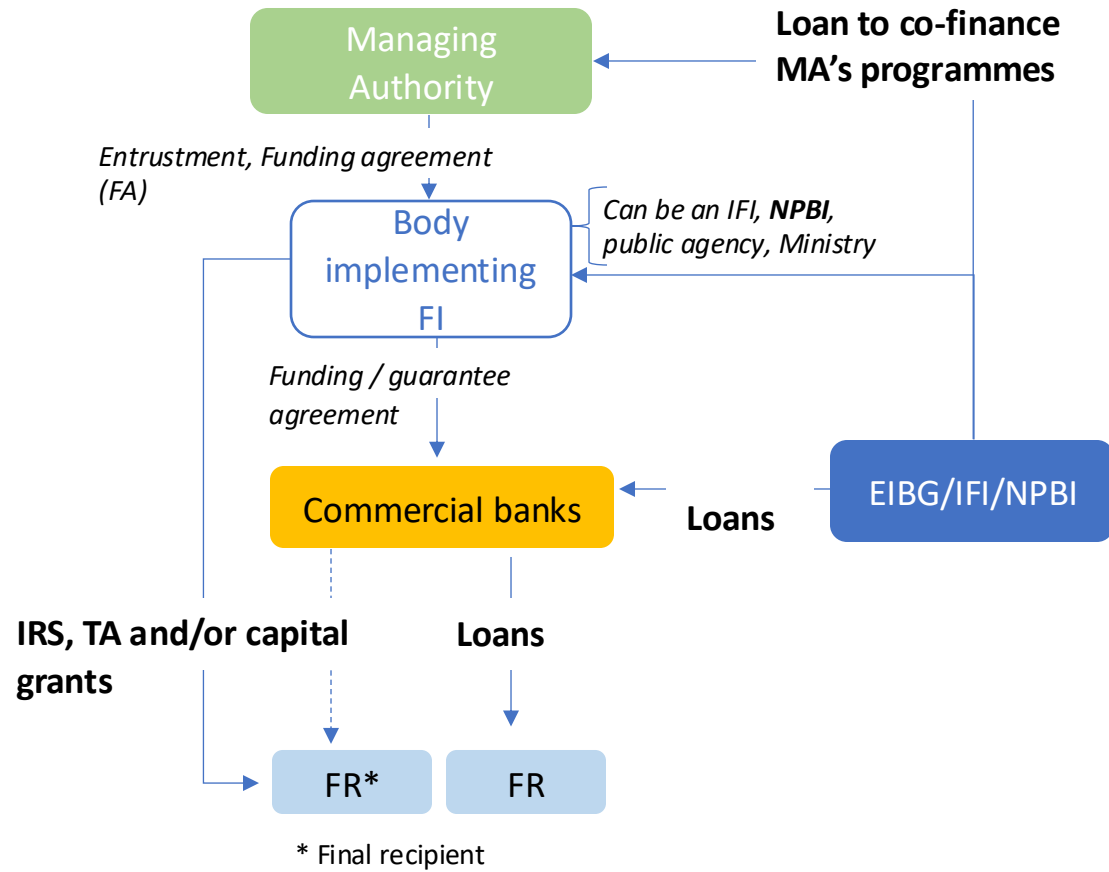
The EU funding component for affordable and sustainable housing is expected to be made available within the framework of :

- the regional, national programmes co-financed by the **European Regional Development Fund (ERDF)**.
- other EU funds sources such as **Invest EU Member State compartment, Public Sector Loan Facility, or Social Climate Fund**, for instance.

Market challenges and combined financing options



Combination instruments (grants + FIs + EIB + NPI funding)



Structures designed for ERDF support but valid for all forms of EU/national funding and can be tailored to individual MS/regional needs

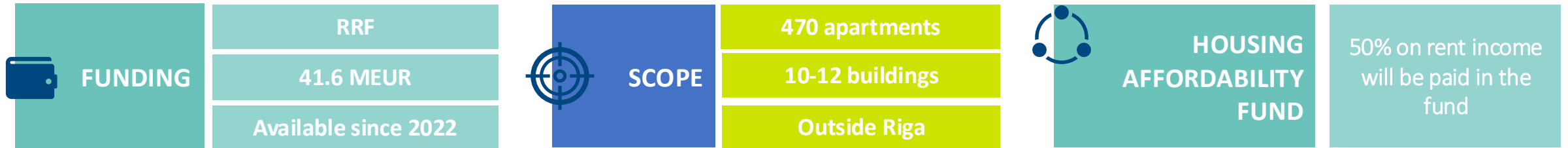
Ingredients for success

- Advisory support to develop regulatory frameworks where absent, support pipeline building and financing models/structures
- Alignment of eligibilities to facilitate combination of funding streams and simplify delivery
- State aid regime to reflect these aligned eligibilities
- Commitment of grant funding from public authorities (MAs and others)
- Explore the different funding streams/instruments (e.g. Cohesion grants with InvestEU)
- Most efficient combination delivery needed

AFFORDABLE HOUSING PROGRAMME IN LATVIA



Funded by the
European Union
NextGenerationEU



ALTUM LOAN

Term	Interest rate	Own contribution	Capital rebate	Eligible costs
Up to 30 years	Fixed 0.7%	At least 5%	Up to 30%	~1 700 EUR/m ² +VAT 89 TEUR per apartment Actual costs 2,000+ EUR/m ²
Rent	Apartment size	Max monthly income per family/person		
Up to 6.39 EUR/m ² + other costs Average market rent 3,5-10 EUR/m ²	Approx. 52 m ²	1-room apartment 1 300 EUR, 2-room apartment 2 300 EUR, 3-room apartment 3 400 EUR Average gross salary ~1,800 EUR		

Apartments are available for individuals registered in the municipal housing queue

Stepping up financing investments in affordable and sustainable housing

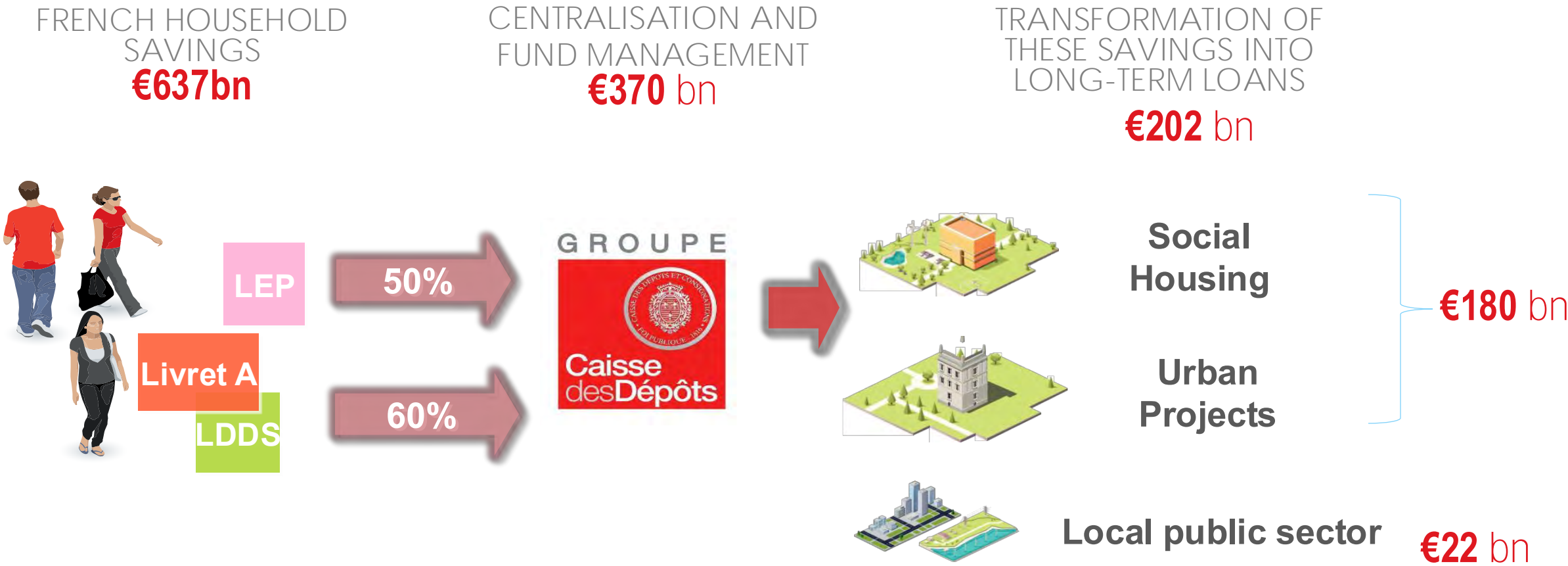
CDC example

19th November 2024

Overview of the housing market in France

- **An structural gap:** 500 000 housing units needed to meet demand versus 360 000 housing starts on average
- **A widening gap** in 2024: 250 000 housing starts projected in 2024
- **Social housing acting as a buffer:**
 - ❖ Social housing = 17% of the overall housing stock and on average 25% of the total new construction
 - ❖ 2024: -15% in the number of social rented dwellings approved in 2023 versus -40% in sales of new private dwellings by builders and -25% by developers
- **The role of CDC** in the relative resilience of social housing: nearly 84 000 new and more than 105 000 renovated social housing dwellings in 2023
- ... and beyond:
 - ❖ Social housing, affordable housing, specific housing (very-low income), development
 - ❖ Loans (very-long term, but also pre-financing), quasi-equity, technical assistance
 - ❖ Across the whole value chain

CDC: a pivotal role in financing social housing in France



Some key takeaways based on our experience

- Social and affordable housing being social infrastructure, there is a need for public support and a key part to play for long-term investors
- The housing crisis is European, but solutions are « place-based »: no one-size-fit-all solution
- NBPIs, when active in the sector, can act as catalysts of national (local) and European instruments and programs
- Financial constraints are part of the problem, but there are other obstacles to be removed such as land availability, administrative and legal delays or lack of commercial market.

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Developing actionable strategies to increase the supply of affordable and sustainable housing

Closing remarks



Corporate Use



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and sustainable housing

THANK YOU!

19 November 2024

