

### Financial instruments for sustainable and affordable housing

Radka Konstantinova- Policy Officer, DG REGIO, European Commission

Encheva

**Theda Fuchs**Senior Head of Unit, National Promotional Institutions, European Investment Bank

Marcel Roy Secretary General of the European Association of Public Banks

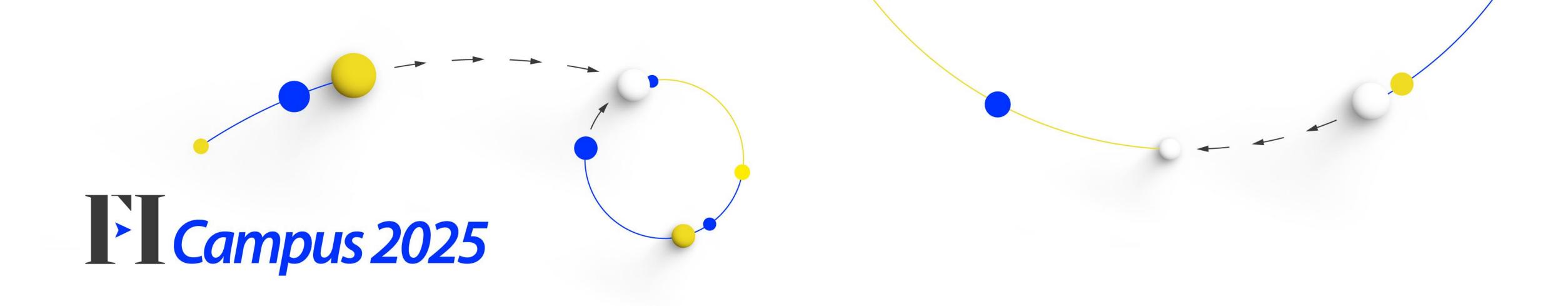
Dijana Bezjak Head of Service for Financial Instruments, Ministry of Regional Development and

EU Funds, Croatia









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## Political context for housing support



#### A modernized Cohesion policy

The Mid Term Review provides Member States a strategic opportunity to address housing crisis => EC will support and allow a significant increase of cohesion policy investments in affordable and sustainable housing

**Regulation (EU) 2025/1914** of 18 September 2025 - amending ERDF/CF Regulation and JTF Regulation.

#### Mid-term review dedicated New Specific Objectives

- > SO2.11 promoting access to affordable and sustainable housing
- > **SO4.7** promoting access to affordable and sustainable housing (ERDF)
- > SO5.3 fostering integrated territorial development, through access to affordable and sustainable housing in all types of territories
- ➤ New JTF housing activity (Art. 8(2) JTF Regulation)

#### Key recommendation: Leverage such funding through financial instruments









## Model for Financial instruments and grants with co-financing from the European Investment Bank Group and others for affordable housing



Brussels, 1.4.2025 SWD(2025) 78 final

COMMISSION STAFF WORKING DOCUMENT

Model for Financial instruments and grants with co-financing from the EIBG and others for affordable housing

# FLEXIBLE AND INCLUSIVE MODEL

- Has strong advisory
   component to trigger
   capacity improvements and
   support housing sector
   reform
- No definitions
- Open to five financing schemes combining loans, guarantees and equity with various types of grants
- Offers strong role of NPBIs and IFIs

#### WHAT TYPE OF HOUSING



New built housing units



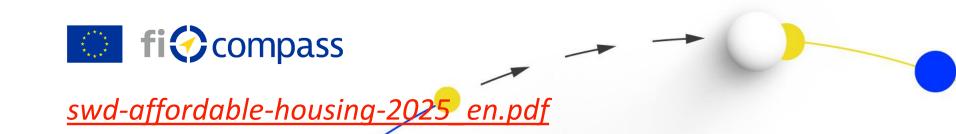
Refurbishment and energy efficiency retrofits



Co-ownership



Repurposing (avoiding accentuating segregation)

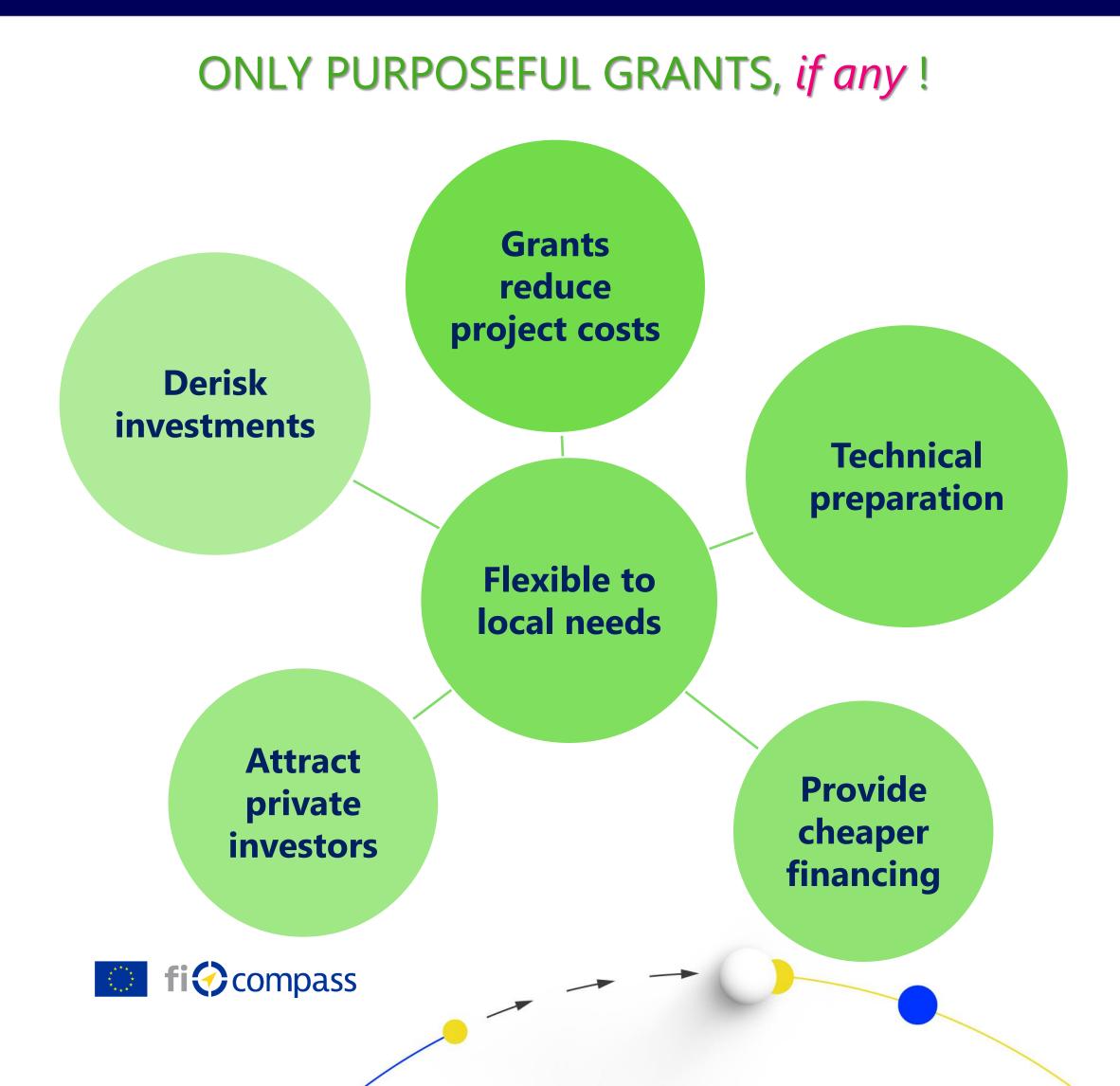






### Financial structures





Fi Fi Gi Gi

Fin instruments and grants in ONE operation

Fin instruments and grants in TWO operations

**Guarantee and grants in TWO operations** 

**Grants and non-ERDF Fin instruments** 

**Equity Fin instruments (combined with grants)** 

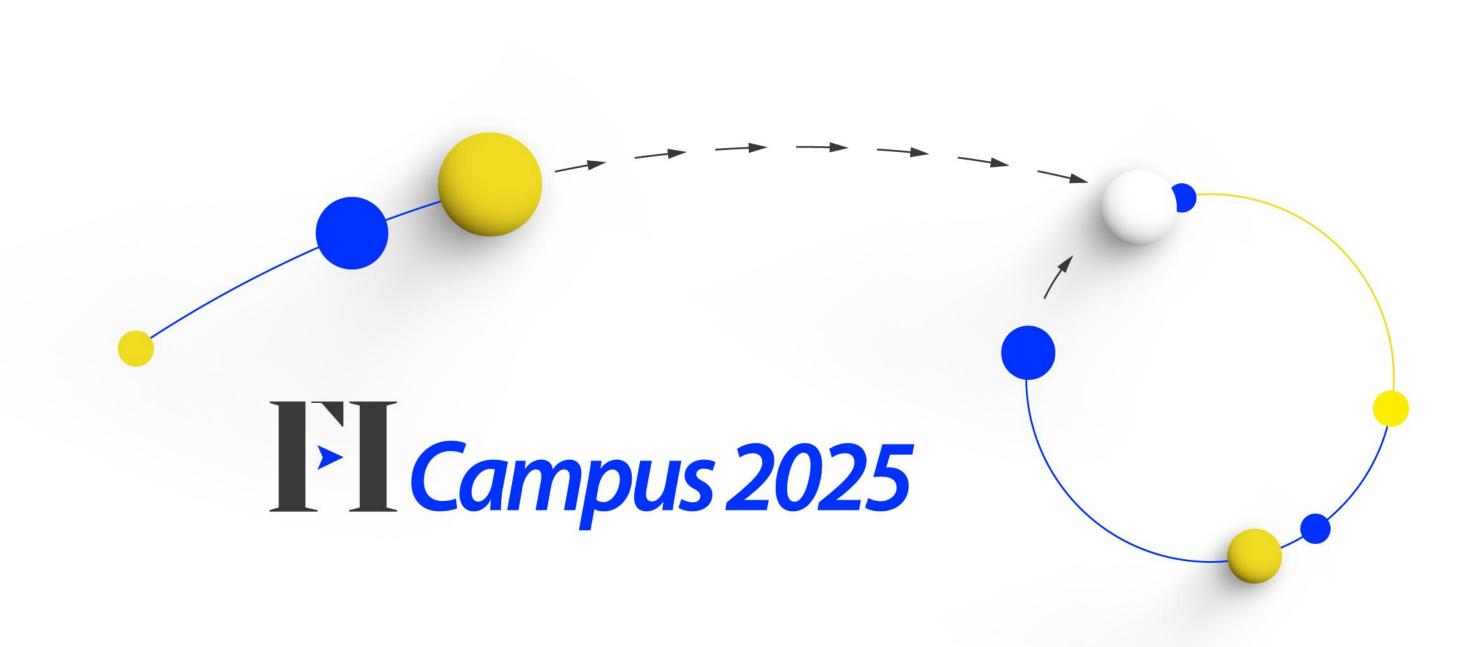
NB!! EIB. IFI, NPBI can provide loans to co-finance the programmes!

#### **Attention to:**

- Student accommodation, key workers are emerging specific groups
- Avoid further segregation
- Principles of the "New European Bauhaus"
- Scale up renovations, blocks of buildings



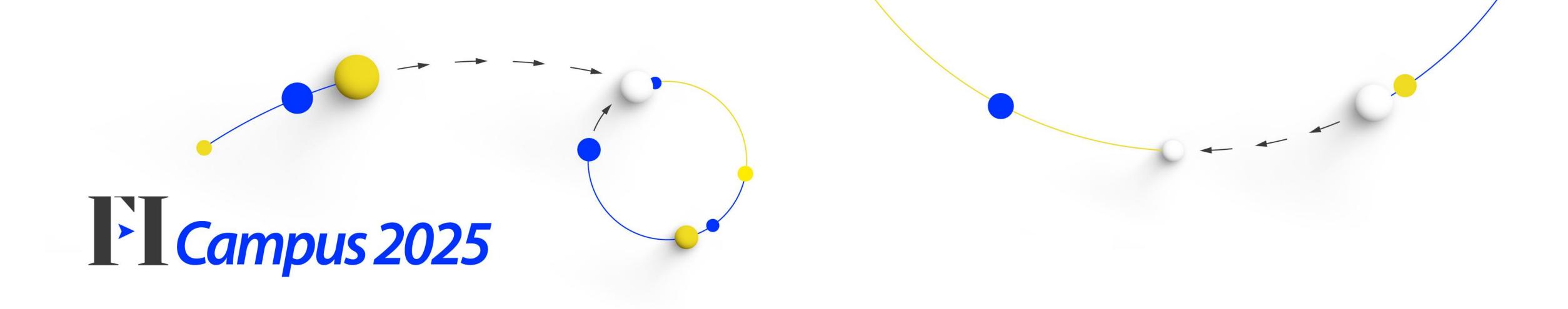












## EIBG support to Affordable & Sustainable Housing

Theda Fuchs

Senior Head of Unit, National Promotional Institutions

European Investment Bank







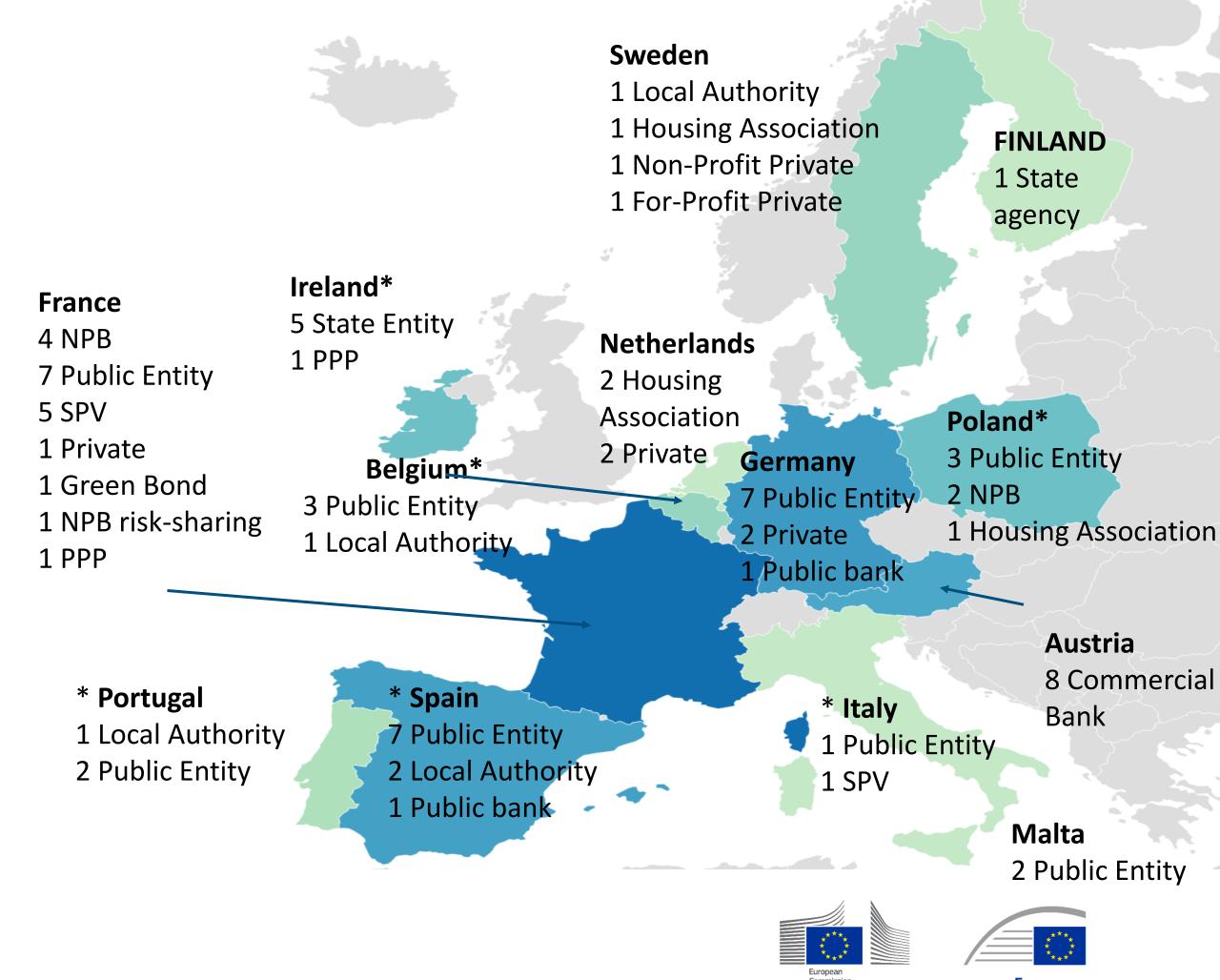
## EIBG financing & advising support for housing



Sustained and substantial support to affordable and sustainable housing across the EU, with financing of over EUR 15.6 bn btw. 2020 and 2024.

#### A comprehensive set of financial products:

- ➤ *Direct lending* to local authorities, public entities, housing associations, private promoters, SPVs, PPPs
- ➤ Indirect lending through NPBs, agencies, public and commercial banks (incl. NPB risk-sharing)
- Risk sharing (banks, NPBs): guarantees and contingent loans
- Capital markets instruments: Green bonds, Covered Bonds, RMBS/ABS
- > **Equity** infrastructure funds
- > Advisory\* policy, regulatory, technical and financial





## EIBG Action Plan for Affordable & Sustainable Housing

#### **Increased EIBG Financing**

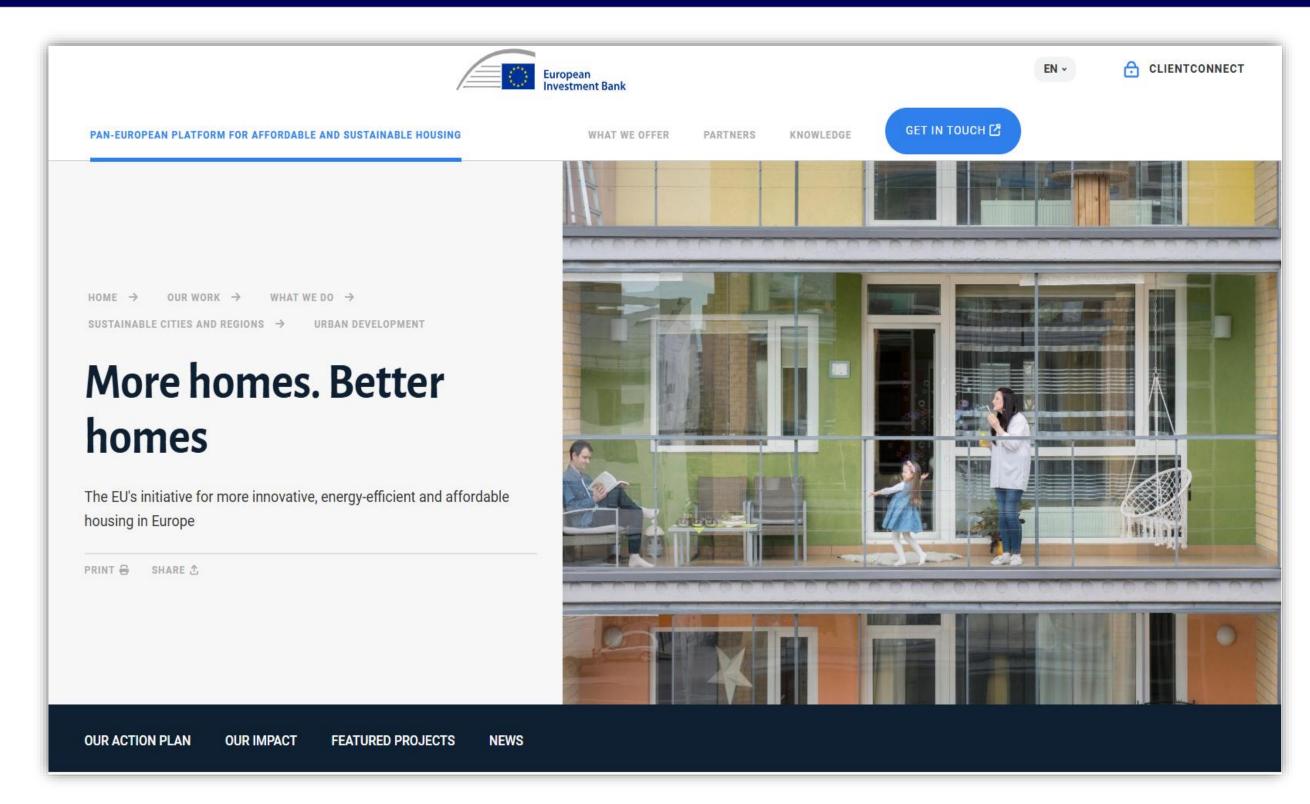
- Increase financing from EUR 3bn p.a. to 4.3bn in 2025
- Aim to expand lending into new countries
- Lending Envelope for innovative construction

#### **EIBG Advisory Services**

- Develop affordable housing policy frameworks
- Prepare scalable financing models

#### **Strong Partnerships and Additionality**

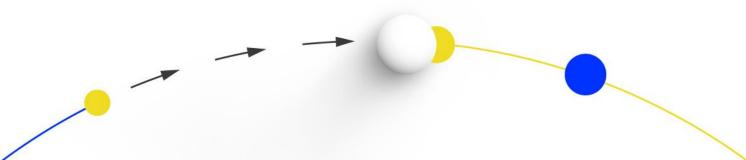
- Contribute to EU Affordable and Sustainable Housing
   Action Plan EIB dedicated task force
- Collaborate with EC, NPBIs, Member States, cities and regions, housing networks



- One stop shop entry point
- Knowledge hub
- Interactive tools

- Case studies
- Links to partner









## EIB Intervention in affordable and sustainable housing

**Housing continuum** 

Emergency Shelter

Transitional Housing

**Emergency housing** 

Housing

Social

Affordable Housing

Market

Rental

Market Ownership

Market housing

Market failures

Insufficient market provision of decent, safe, energy efficient housing for citizens who cannot secure housing at market conditions

Markets alone are unable to fill the energy efficiency gap

**EIB financing** 

Tackling housing affordability and climate challenges

- Social and affordable housing
- Refugee accommodation
- Key worker housing

Student Accommodation,

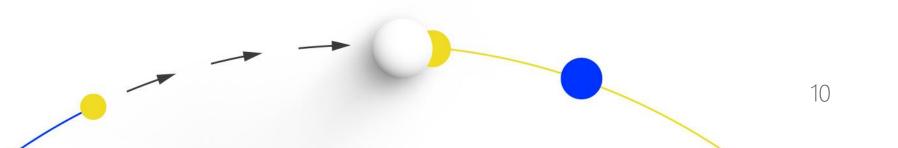
Affordable housing

- Care homes
- Elderly housing

Tackling climate and resilience challenges

- Energy efficiency renovations/new build
- Housing reconstruction following disasters









## Partnerships and Platforms – An example from France



Guichet unique bailleurs sociaux

Alliance européenne
pour un logement social
durable et inclusif
- France -









Banque européenne d'investissement



Un partenariat pour une Europe plus proche de ses citoyens et de ses territoires

Des investissements lisibles pour les ménages bénéficiaires et les territoires, valorisés dans les réseaux sociaux



#### Union Européenne

Prêts globaux



Banque européenne d'investissement

#### Accords bilatéraux BEI - CDC

Construction de logements sociaux Rénovation thermique logements sociaux

#### Conseil de l'Europe

Prêts globaux



#### Accords bilatéraux CEB - CDC

Logements accompagnés – Logement des sans-abris Précarité énergétique Logement des migrants et réfugiés

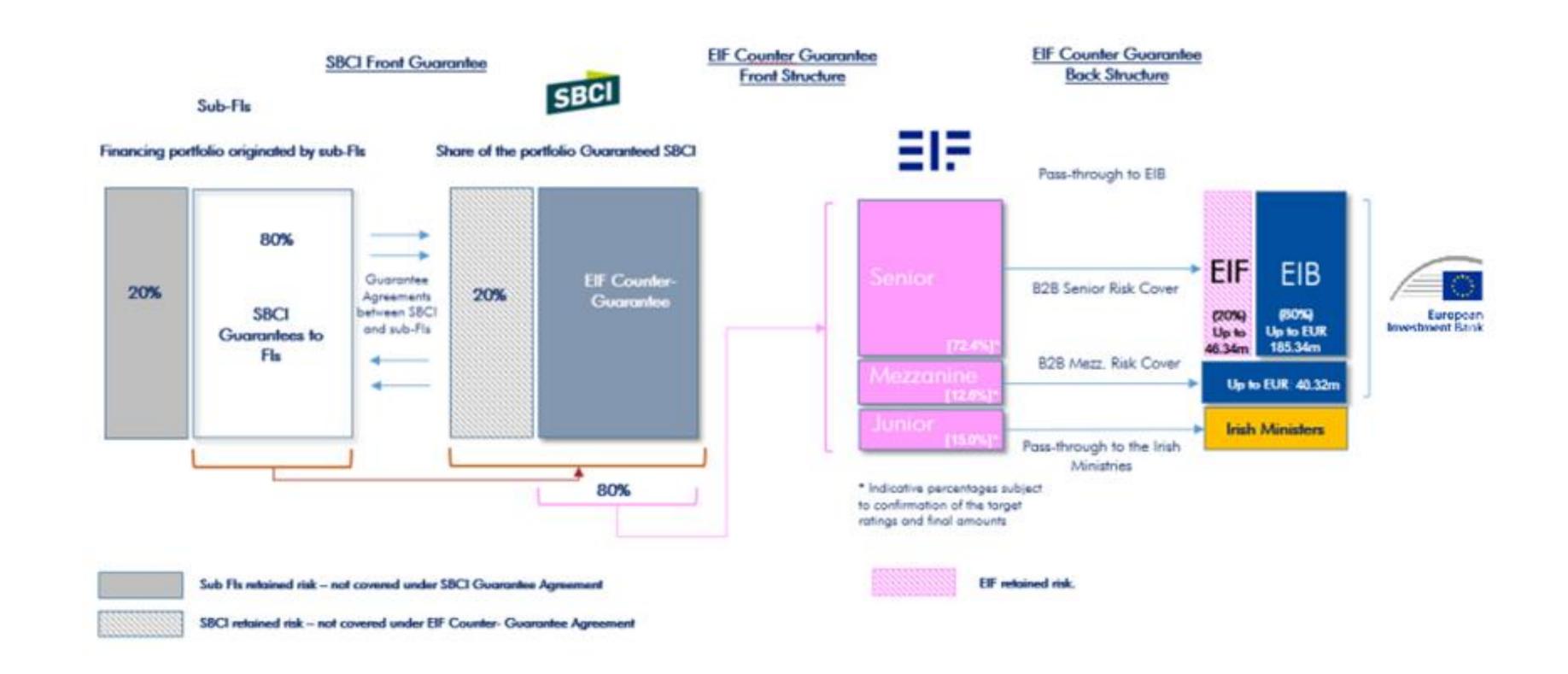








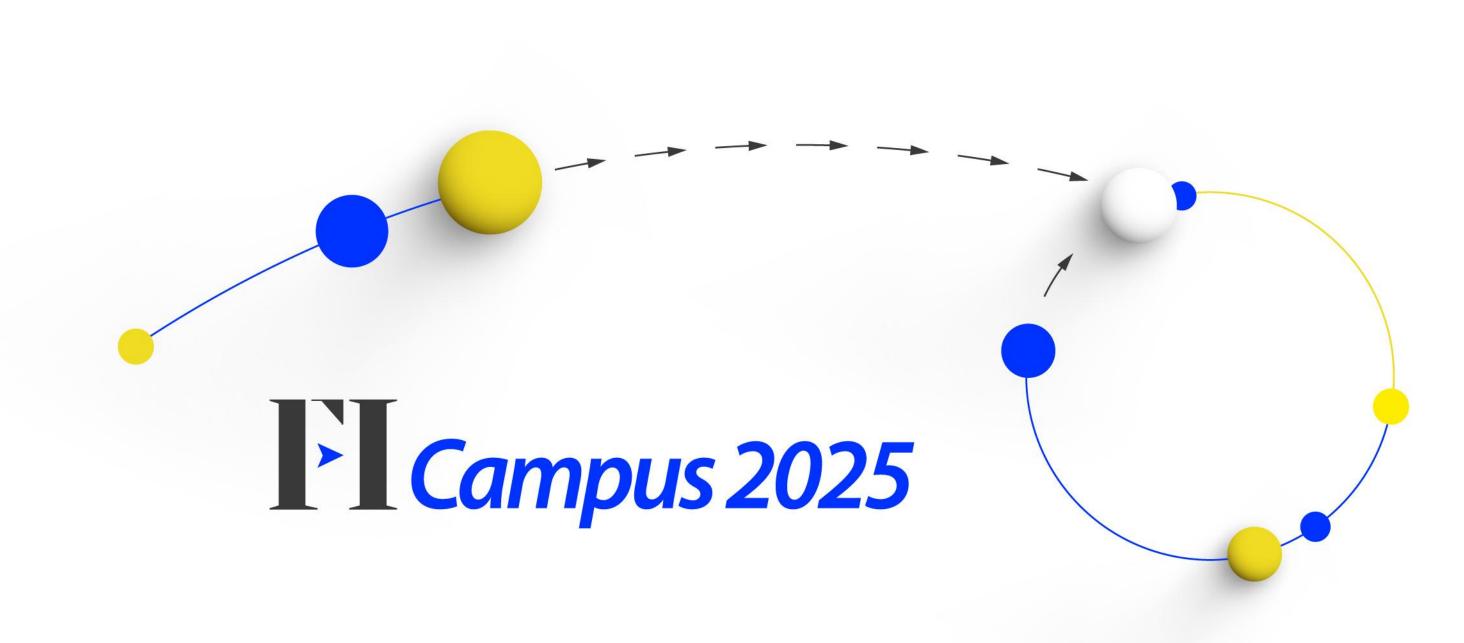
## Partnerships and Platforms – An example from Ireland







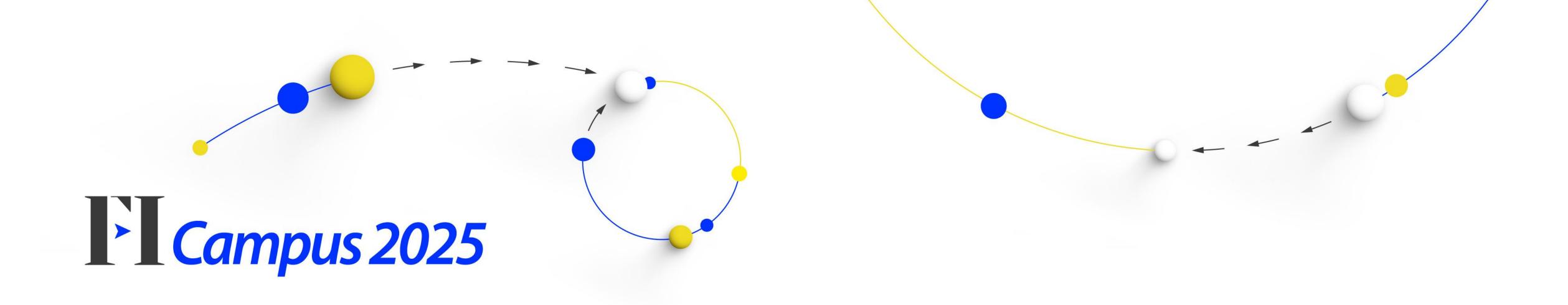












## Financial instruments for sustainable and affordable housing

Marcel Roy

Secretary General

European Association of Public Banks







### About EAPB



#### Financial Instruments for Housing

Our members (National and Regional Promotional Banks and Institutions) are among the main actors deploying **financial instruments for affordable and sustainable housing across Europe**.

Public promotional banks are structurally well-placed to implement FIs because they:

- provide long-term, low-cost financing;
- take on risks that the private market is unwilling to assume;
- blend EU funds, national resources and private capital;
- and work in close coordination with regional and local authorities.









15

## Examples from EAPB Members

### EU-type Financial Instruments:

**BGK (Poland):** 30-year loans (soon 50-year loans), at interbank rate with no margin, combined with municipal grants, land contributions, and refinancing from the EIB and CEB.

ICF (Spain): negotiating an InvestEU counter-guarantee + subsidised long-term loans with the Catalan Housing Agency

NRW.BANK (Germany): combining interestsubsidised long-term loans, repayment grants linked to energy performance

#### **SBC Programs**















## Examples from EAPB Members



#### National financial instruments (non-EU FIs):

MuniFin (Finland): With state-level credit ratings, MuniFin raises funding on international markets at low cost.

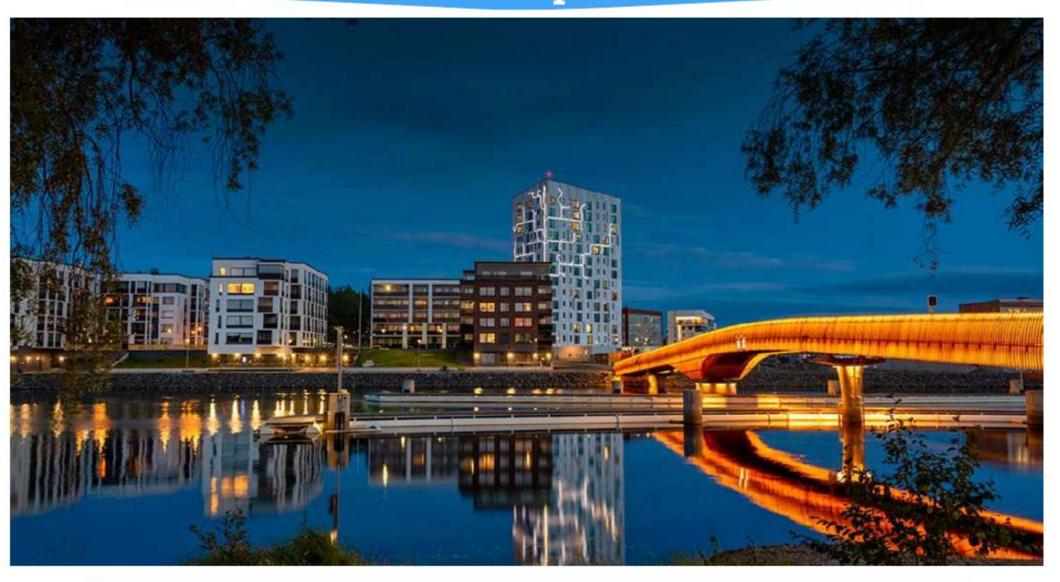
Social housing loans are backed by:

- Real estate collateral
- State guarantees
- State interest subsidies (SGEI-compliant)

Most social housing providers are non-profit, climate-focused, and increasingly building wooden residential buildings, energy-efficient housing

## efficient nousing fi@compass

### A wooden student residence Lighthouse soars above the rooftops



At 14 storeys and 50 metres tall, Lighthouse is both Finland's tallest wooden apartment building and its tallest student residence. This building, with its 117 apartments, stands proudly in the city of Joensuu and it's built by Joensuun Elli, the company responsible for the city's student housing.





## Opportunities for Scaling Up Fls



#### Cohesion Policy and the next Programming Period

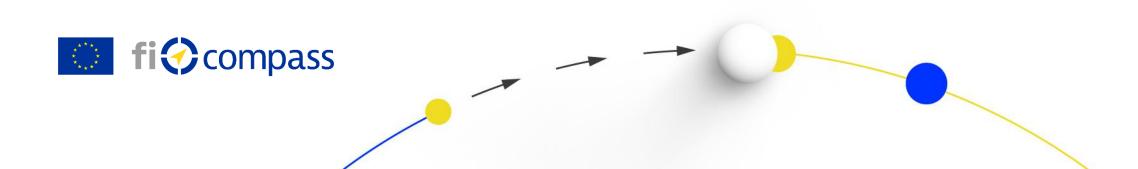
Many EAPB members already use **Cohesion Policy funds to capitalise financial instruments** for housing. Growing recognition that cohesion funds should support housing investment creates a major opportunity.

Strong potential ahead for:

- ERDF-backed loans and guarantees
- Blended schemes combining grants + long-term loans to maintain affordability

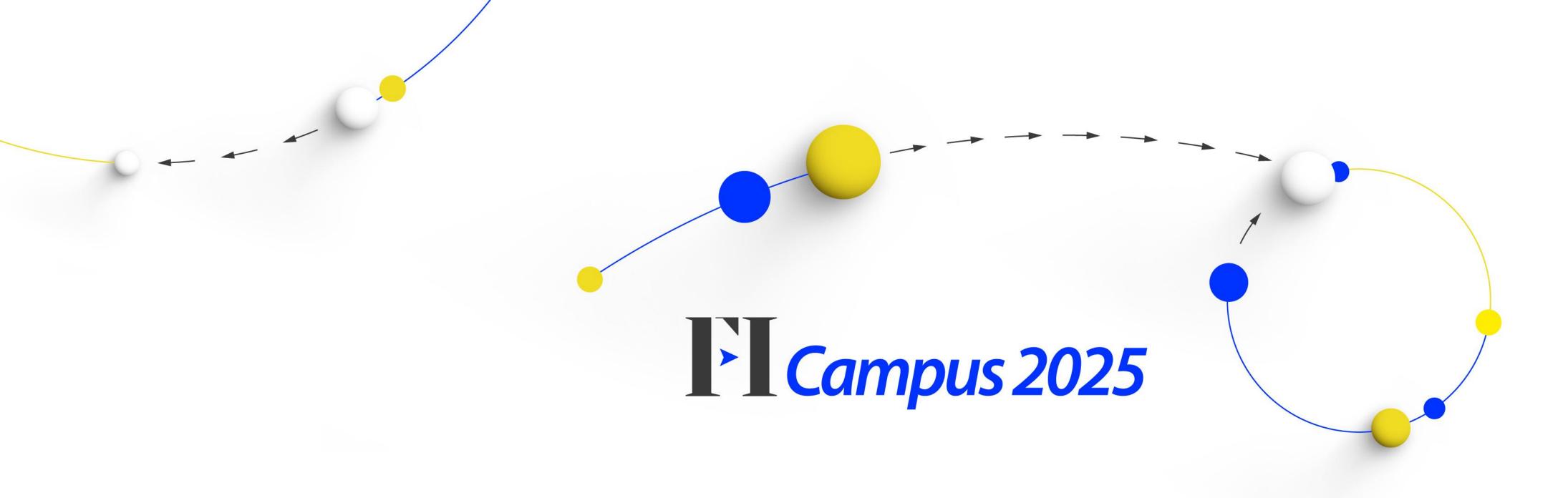
Simplified FI rules will be crucial to scale up and reduce administrative burden.

The upcoming pan-European Investment Platform can help mobilise private capital, strengthen coordination, and reinforce the role of NPBs as key implementing partners.







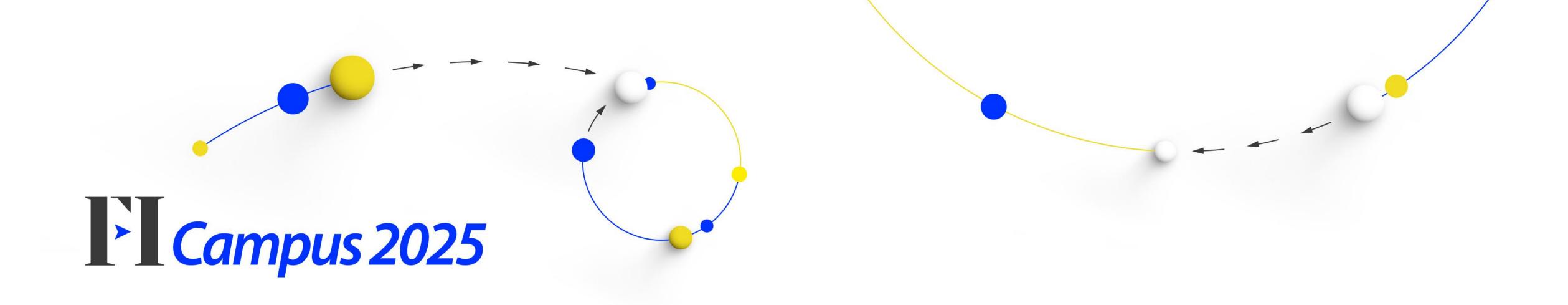


<u>EAPB-ELTI Brochure on Housing, EAPB Housing Position Paper, EAPB</u> <u>Contribution to the Feedback Period on the MFF</u>









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Dijana Bezjak

Head of Service for Financial Instruments

Ministry of Regional Development and EU Funds, Croatia







### Urban Development Fund



#### Affordable housing FI

CPR Art. 63(7) Eligibility – a new type of intervention (Table 1 of Annex I) eligible from the date of the submission of a programme amendment to EC

TABLE 1: DIMENSIONS AND CODES FOR THE TYPES OF INTERVENTION

#### MTR 1 – March 2025

**PO 5.i** Urban Development (Integrated territorial investments – Functional urban areas)

New type of intervention: 126 - Housing infrastructure (other than for migrants, refugees and persons under or applying for international protection)

#### MTR 2 – October 2025

#### **New dedicated priority:**

PO 5.iii Fostering integrated territorial development, through access to affordable and sustainable housing in all types of territories









## Capital Rebate – 'New European Bauhaus' based



#### 50: 50 RISK SHARING LOAN

ERDF + HBOR (HR NPBI) = 172 m€ for local government write-off of the loan principal from the ERDF

SUSTAINABILITY			Σ 40%
and/or	Α	at least 25% of green or other publicly accessible spaces, and green roofs	10%
and/or	В	NEW building = NZEB -10%	15%
and/or	C	EXISTING building = at least 20% of energy savings	15%
and/or	D	For each different renewable energy source = if 30% of energy from RES	5%
AESTHETICS			5%
Selected 1st - 3rd place on the Architectural Design Competition			
INCLUSIVITY			5%
Proof of the Inclusion of the local community in decision-making (citizens, NGOs, local businesses)			

max. 50% per loan









## Financial viability



#### How to achieve more with less and generate self-sustainable projects

- The potential of financial instruments lies in the very nature of projects that pay for themselves and cover their own operating costs throughout the entire lifespan of the infrastructure
- They can be applied in almost all areas, from transport, cultural, natural, social, sports to housing
  infrastructure or any other public infrastructure that generates revenues from user fees paid by citizens,
  businesses and/or tourists

(such as public garages, train and bus stations, swimming pools, sports halls, cable cars, health resorts, museums, theatres, concert halls, castles, fortresses, amusement parks, nature parks, archaeological parks and various other tourist attractions, to **student dormitories as well as subsidized housing**)

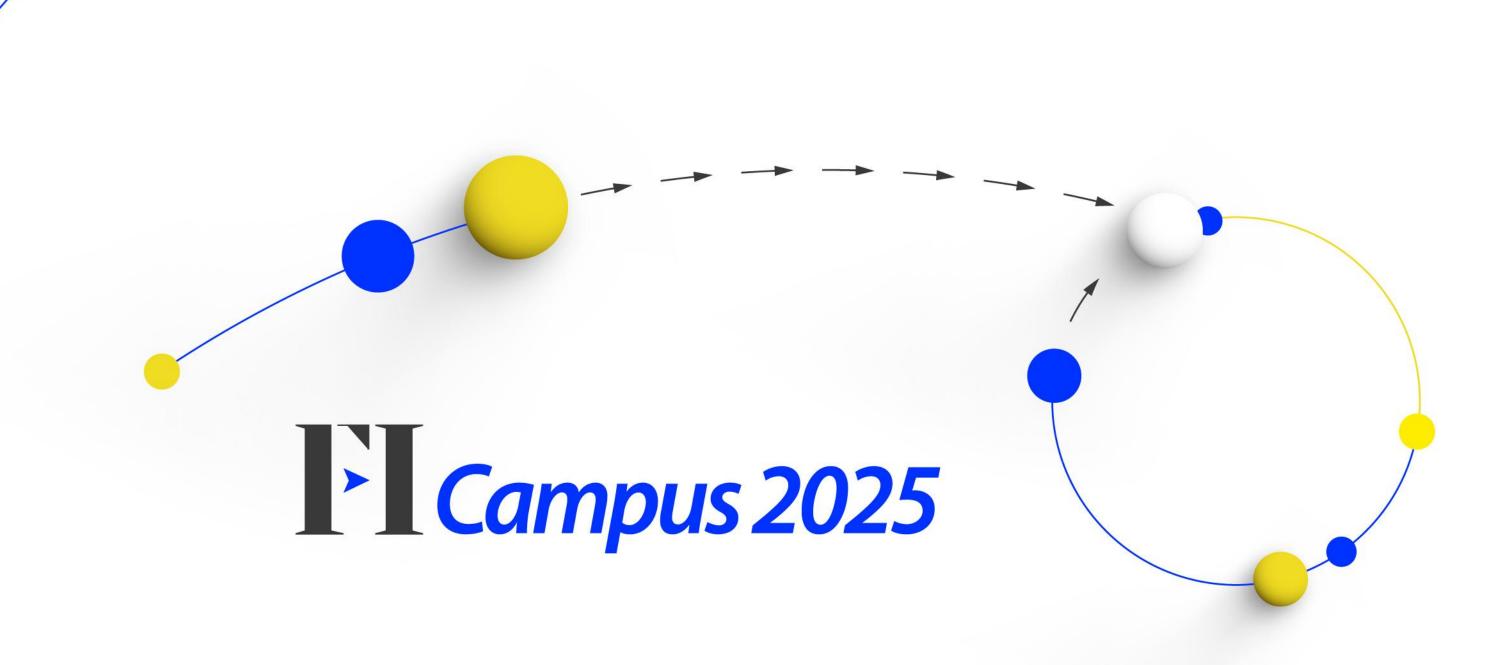
 Financial instruments enable public infrastructure development projects to be enriched with numerous commercial facilities (retail, service, catering, accommodation as well as advertising) that can be leased or concessioned, thus attracting entrepreneurial activity and at the same time increasing net income necessary to return the investment and cover regular overhead and maintenance costs (greater fiscal responsibility)









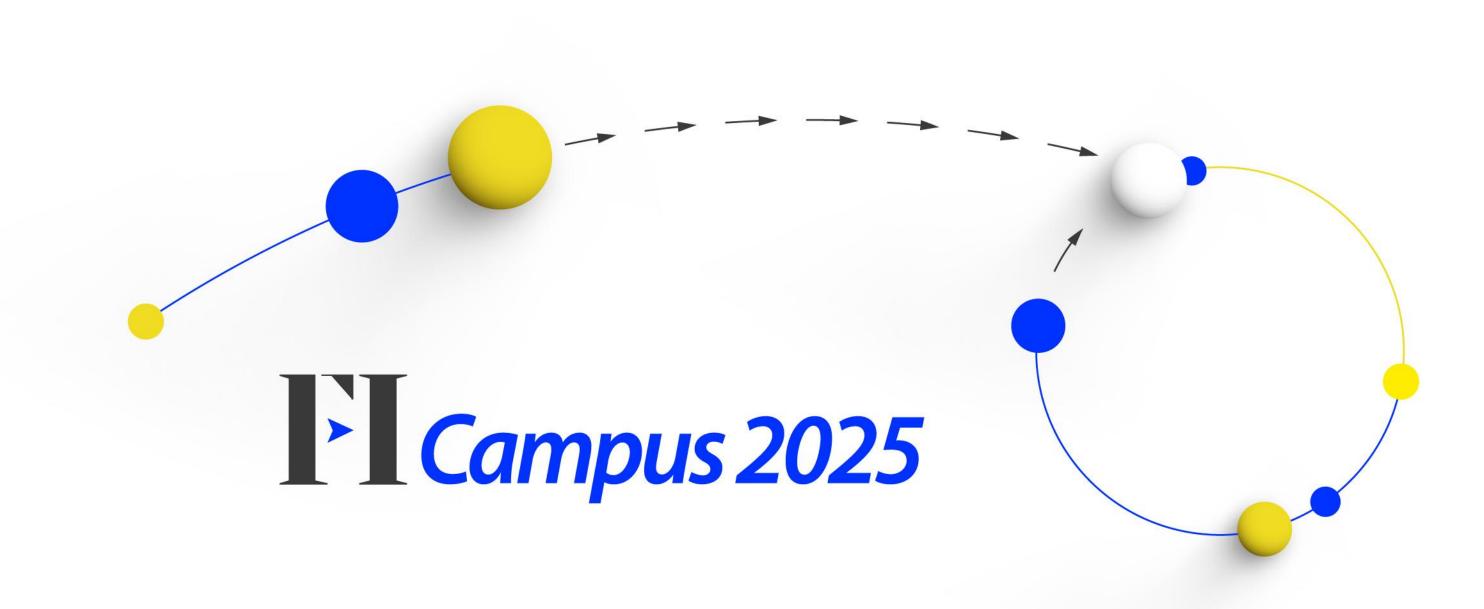


https://eufondovi.gov.hr/financijski-instrumenti/









www.fi-compass.eu















