



Recovery and Resilience Plan

Luxembourg

Budget

Luxembourg's allocation amounts to around **€93 million** and the projects pre-selected by the government are based on three pillars, namely: **cohesion and social resilience, green transition and digitalisation, innovation**.

These pillars are part of the continuity of the government's action and reflect the priority of a recovery focussed on the dual green and digital transition.

In addition, **€2.9 billion investment is planned by the government** in 2021 alone.

The majority of the projects selected are included in the state budget for the financial year 2021 or in the multiannual financial programming for the period 2020-24 and relate to a total amount of €333 million, which exceeds the total European funds available to Luxembourg. This approach ensures that the pre-selected projects have the necessary maturity and will subsequently facilitate the implementation of the national plan for recovery and resilience.

Relevant parts

Component 1 'increase the offer of affordable and sustainable public housing'
Under the Pillar 1 Cohesion and social resilience.¹

The measure has a €51.46 million envelop, of which **€24 million (47%) is covered by the RRF**.

Affordable public housing will either be newly built or acquired on the real estate market and will undergo a major renovation work. For the portion of existing housing to renovate, this component is therefore in line with the objectives of the European flagship initiative "Renovate." This component **responds at the same time to the CSR which called on Luxembourg to 'increase the supply of housing'**.

In order to achieve the goal, Luxembourg renewed its Housing Pact (Pact Logement 2.0) that will take into account development priorities set out in the plans and the new Planning (PDAT) program and will contribute to the harmonious development of the spaces available at the national level in a sustainable development perspective. The Housing Pact 2.0 provides that the available financial state-owned participation in municipalities is calculated according to the number of affordable housing created on the territory of the municipality and no longer in line with the demographic growth. In addition, the financial contributions granted to the

¹ Page 45, RRP of Luxembourg

municipalities are paid in depending on the implementation of projects approved under the Housing Pact and aimed at achieving the objectives.

The implementation period of the Housing Pact 2.0 extends from 2021 until 2032. The aim is that at least half of the municipalities sign the Convention of the Housing Pact Bill 2.0 by the end of 2021.

A total of **at least 1,200 affordable housing** units will be put on the market between 2022 and 2025.

Component 2 'Project « Neischmelz » in Dudelange' Under the Pillar 1 Cohesion and social resilience²

The project aims the conversion of a 40-hectare industrial wasteland within the city of Dudelange, with an urban planning concept that also takes into account the industrial heritage of the region. The **Housing Fund**, a public developer, is the master project's work. In the long run, the **construction of more than 1,000 housing units** on this site will enable to accommodate nearly 2,300 people. **More than half of the units will be for affordable rental.** In addition, the project aims to build 10.000 m² PV on the surface.

Target groups include Housing assistance recipients, applicants for rental public housing, local businesses and the general public. The implementation process begins in 2022 and the first units will be hopefully occupied in 2026.

It is a project of a great volume if we consider that almost a quarter of Luxembourg's municipalities have less than 2,000 inhabitants. Therefore, this measure consists in supporting one sub-project of the far-reaching project "Neischmelz", which is the implementation of sustainable and renewable concept.

In this context, the electricity shall be produced by photovoltaic panels installed on the large roofing surface on the rehabilitated old structure. The heat shall be produced either through an innovative deep geothermal energy system or a set of solar thermal panels, depending on the feasibility of the geothermal system being confirmed following further investigations.

The total budget of energy concept is **€51,46 million of which €24 million will be covered by the RRF.**



Additional information

No budget from React-EU or JTM

Funds from other European stimulus programmes, such as REACT-EU or the Just Transition Mechanism, have not been taken into account under the recovery and resilience plan. However, the measures identified by the government to be financed through the various European programmes form a coherent set of measures in accordance with the holistic approach adopted by the government to allocate the budgets at its disposal under European funds. The funds allocated to Luxembourg under REACT-EU will thus go towards co-financing

² Page 50, RRP of Luxembourg

the Large-Scale Testing initiative, the partial unemployment scheme, the costs related to vaccination against COVID-19 and initiatives promoting the green transition.

For more information, please contact
Edit Lakatos, Policy officer

edit.lakatos@housingeurope.eu

