

Housing Europe's contribution to the consultation on EIB energy lending policy

29th March 2019

1. Background :

Housing Europe is the European Federation of Public, Cooperative and Social Housing. Established in 1988, it is a network of 45 national and regional federations which together gather about 43.000 public, social and cooperative housing providers in 24 countries. Altogether they manage over 26 million homes, about 11% of existing dwellings in the EU.

The social, cooperative and public housing sectors are driving force of the fair energy transition :

1. Because it already drives the renovation efforts : The average energy performance in the SCP housing sector is better than the total average, i.g. Fr 190 / 250 kWh/m²a, Ge 130 / 155 kWh/m²a. In France for 7 renovations in SH, there is only 1 in the private sector

In the Netherlands, the dwelling stock of housing corporations has to have an average energy label of min. B in 2020 vs min. 80% of dwellings from private landlords in 2020 need to have at least energy label C in 2020. There are no goals or agreements at all on improving the energetic performance for home-owners

2. It promotes neighbourhoods approach focusing on Co2 emissions

3. It promotes renewable energy via self consumption and the setting up of energy cooperatives

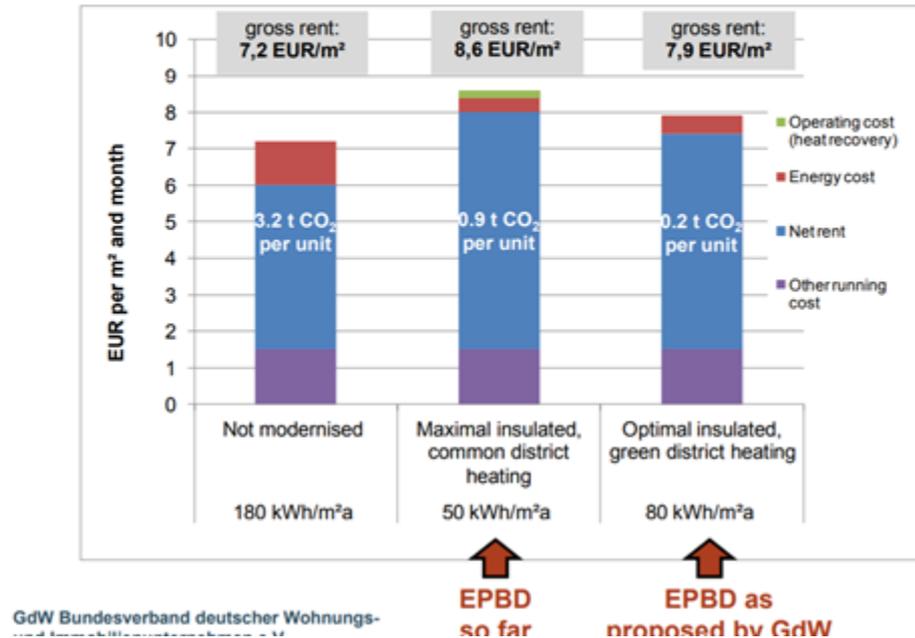
In order for this transition to be strengthened, public policies aiming at reducing the amount of CO2 emissions should support this approach while always taking into consideration the affordability for providers and tenants. That is why Housing Europe has always called for a systematic consideration of cost effectiveness and technical feasibility of required measures, such as individual metering of energy consumption. But this is also true for mandatory obligation of renovation, which could have severe financial and social consequences, while, as we saw above, with no guarantee regarding energy use and CO2 emissions.

2. Answers to the relevant questions for the social, cooperative and public housing :

Q4 : How can EIB reinforce its impact towards ensuring affordability, addressing social and regional disparities and support a just energy transformation ?

The path towards a fair energy transition requires adequate funding, which will support an approach combining energy efficiency and renewable energy as well as an approach looking beyond the sole building envelope. Those 2 complementary approaches contribute to the achievement of cost effective investments.

As an illustration of this, the diagram below using data from a real project in Germany shows the difference between the scenario without renovation, the scenario with the maximum of energy efficiency but without decarbonisation of energy supply and eventually the scenario with energy efficiency and decarbonisation of energy supply:



The result is that the scenario which minimise CO₂ emissions and rent increase is the third scenario. The EIB should take this reality into account and promote a cost effective and sustainable approach to renovation.

Q5: In the case of new buildings, do you have an opinion on the proposed approach to support only buildings that go beyond the mandatory nZEB standard after 2021? What level of ambition should the Bank focus upon, inside and outside the EU?

As the challenge of energy efficiency in buildings lies mostly in the existing stock, using conditionality for access to funding makes sense for the existing stock of buildings. This approach has been reinforced by article 10 paragraph 6 of the revised EPBD which provides that « Member States shall link their financial measures for energy efficiency improvements in the renovation of buildings to the targeted or achieved energy savings [...] ».

By definition, going beyond nZEB after 2021 will generate relatively small gains in terms of efficiency for a cost which will be disproportionately higher. It would therefore not be cost effective nor efficient in terms of energy savings to set a financial conditionality for new buildings for the EIB lending practice.

However, the current practice of the EIB to provide loans for existing buildings whose renovation will go beyond the national standard do make sense in terms of global impact of the energy savings and use of public money. Further criteria in relation to the combination of energy efficiency with renewable energy and other environmental or circular aspects and to the neighbourhood approach (see reply to question 4), are also relevant.

Q6: The Bank has developed a number of financial and technical assistance products to help promote energy efficiency in private and public buildings. Have you had any experience with these products? If so, do you have a comment or opinion as to how they can be further developed or improved?

The experience of use of technical assistance in the field of social, cooperative and public housing (for instance ELENA for the programme VAMOS in the Brussels Region, ASTER in Flanders and Frederikshavn Housing Association in Denmark) has been positive. It has been used to prepare and implement an investment programme, aiming at renovating social housing but also installing renewable energy sources. ELENA is now a known product with increased accessibility for entities which are not public authorities.

Despite of this, challenges still remain for the social, cooperative and public housing providers such as the required scale of linked investment programme (should be min. €20 million) and the fact that ELENA cannot be used for helping an existing programme. Therefore, changes in these aspects would be welcome.

Also, it would be relevant to reinforce the link between technical assistance and the Advisory Hub, in order to incentivize project developers using ELENA for instance to use adequate EIB financial products to finance the linked investment programme. More generally we need to include some assistance in setting up financing opportunities within ELENA in order to facilitate expanding the programmes.

3. Contact details

Housing Europe

The European Federation for Public, Cooperative and Social Housing

18, Square De Meeus (3rd floor)

1050 - Brussels

Transparency Register : 794469327833-17

Julien DIJOL – Policy Coordinator

Tel: +32 2 541 05 64

E-mail : julien.dijol@housingeurope.eu

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