Addressing housing affordability issues in the UNECE Region in the context of economic, financial and migration crises: challenges and practices
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EIB Financing for Social Housing and Refugees

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Presentation Outline

1. What is EIB?
2. EIB in the Urban Sector
3. EIB Financing for Social Housing
4. Refugee Response
5. Examples
   5.1 Early Recovery Project - Ukraine
   5.2 Refugee-related projects - Europe
The EU bank

- Natural financing partner for the EU institutions since 1958
- Around 90% of lending is within the EU
- Shareholders: 28 EU Member States

Investing in Europe’s growth
The EIB at a glance

• Largest multilateral lender and borrower in the world
• Some 450 projects each year in over 160 countries
• Headquartered in Luxembourg and 33 local offices
• Around 2,900 staff:
  • Not only finance professionals, but also engineers, sector economists and socio-environmental experts
  • More than 50 years of experience in financing projects
EIB: An active partner in the EU Urban Agenda

• As the EU Bank, EIB lending is guided by EU policies and priorities

• EIB lending guided by ministerial meetings (especially Bristol 2005, Leipzig 2007, Toledo 2010, Riga 2015)

• EU Urban Agenda process will result in the Pact of Amsterdam on 30 May 2016, an agenda for partnership and action on Urban.

• Housing and Refugee Integration are both Priority Themes under the Urban Agenda

• EIB is participating in Partnerships under both themes
## EIB Urban Lending by MS: Total € 94.6bn (2011-2015)

<table>
<thead>
<tr>
<th>EU Member States</th>
<th>No. Operations</th>
<th>Total Lending (EUR M)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Austria</td>
<td>12</td>
<td>1,770.76</td>
</tr>
<tr>
<td>Belgium</td>
<td>44</td>
<td>3,823.26</td>
</tr>
<tr>
<td>Bulgaria</td>
<td>8</td>
<td>457.21</td>
</tr>
<tr>
<td>Croatia</td>
<td>15</td>
<td>1,002.07</td>
</tr>
<tr>
<td>Cyprus</td>
<td>18</td>
<td>622.38</td>
</tr>
<tr>
<td>Czech Republic</td>
<td>14</td>
<td>1,233.35</td>
</tr>
<tr>
<td>Denmark</td>
<td>4</td>
<td>759.73</td>
</tr>
<tr>
<td>Estonia</td>
<td>16</td>
<td>383.83</td>
</tr>
<tr>
<td>Finland</td>
<td>32</td>
<td>3,356.52</td>
</tr>
<tr>
<td>France</td>
<td>170</td>
<td>13,745.32</td>
</tr>
<tr>
<td>Germany</td>
<td>62</td>
<td>10,978.55</td>
</tr>
<tr>
<td>Greece</td>
<td>31</td>
<td>1,678.52</td>
</tr>
<tr>
<td>Hungary</td>
<td>43</td>
<td>2,376.60</td>
</tr>
<tr>
<td>Ireland</td>
<td>21</td>
<td>1,830.25</td>
</tr>
<tr>
<td>Italy</td>
<td>86</td>
<td>8,264.74</td>
</tr>
<tr>
<td>Latvia</td>
<td>4</td>
<td>2,789.97</td>
</tr>
<tr>
<td>Lithuania</td>
<td>2</td>
<td>222.18</td>
</tr>
<tr>
<td>Luxembourg</td>
<td>10</td>
<td>611.05</td>
</tr>
<tr>
<td>Malta</td>
<td>1</td>
<td>40.00</td>
</tr>
<tr>
<td>Netherlands</td>
<td>7</td>
<td>1,219.06</td>
</tr>
<tr>
<td>Poland</td>
<td>116</td>
<td>4,601.42</td>
</tr>
<tr>
<td>Portugal</td>
<td>21</td>
<td>1,544.80</td>
</tr>
<tr>
<td>Romania</td>
<td>10</td>
<td>1,046.11</td>
</tr>
<tr>
<td>Slovakia</td>
<td>4</td>
<td>1,009.11</td>
</tr>
<tr>
<td>Slovenia</td>
<td>6</td>
<td>935.66</td>
</tr>
<tr>
<td>Spain</td>
<td>160</td>
<td>9,678.65</td>
</tr>
<tr>
<td>Sweden</td>
<td>31</td>
<td>2,970.74</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>110</td>
<td>15,651.31</td>
</tr>
</tbody>
</table>

### Other MS (<3% of total) 23%

Numbers represent EIB lending in the EU in areas covered by the 12 Priority Themes of the EU Urban Agenda.
EIB Social Housing lending supported EUR 13.8 billion total investment in 5 years

Why does the EIB contribute?
- Social and affordable housing are key to integrated urban development, an EIB priority
- Contribute to inclusive growth
- Contributes to social and economic cohesion by enabling balanced growth

![Graph showing the amount signed/allocated over the years and the breakdown by country]
Loans to Housing Companies: Social housing in Hamburg (Rungestiege)

- Retrofitted housing with additional new construction including space for community/social activities on the ground floor
- Care services for elderly / disabled tenants
- EE KfW 70 standard

- In 2015 EIB signed a second loan with the city’s social housing company SAGA GWG to finance integrated social and affordable housing across Hamburg.
Poland Affordable Housing – EIB funding via a major National Development Bank

- EIB funding approved for a framework loan targeting affordable housing schemes
- Intermediated by BGK, Poland’s development bank
- On-lending to TBS’s (public housing enterprises) across Poland
- Incentivises schemes which optimise energy efficiency, revitalisation, affordability etc via scoring system and call for applications
Social Housing under an Urban Framework Loan: Sweden Örebro Urban Infrastructure

• City of Örebro, 25 year loan SEK 1.700m (EUR 180m), or 15 year bullet


• The EIB has in 2014-15 approved similar municipal multi-sector framework loans to 7 different cities in Sweden: Stockholm, Malmö, Lund, Västerås, Örebro, Norrköping and Uppsala
**Better Funding through EFSI under IPE, Investment Plan for Europe (Juncker Plan)**

<table>
<thead>
<tr>
<th>SOURCES OF FUNDING</th>
<th>TYPICAL PRODUCTS OFFERED</th>
<th>FINAL RECIPIENTS AND TYPICAL PROJECTS</th>
</tr>
</thead>
<tbody>
<tr>
<td>European Fund for Strategic Investments</td>
<td>Long-term senior debt for higher risk projects</td>
<td>Transport infra</td>
</tr>
<tr>
<td></td>
<td>Subordinated loans</td>
<td>Broadband infra</td>
</tr>
<tr>
<td></td>
<td>Equity and quasi-equity</td>
<td>Innovation</td>
</tr>
</tbody>
</table>

- The Fund serves as credit protection for new EIB activities
- Other investors join in on a project basis

**Typical Products Offered:**
- Long-term senior debt for higher risk projects
- Subordinated loans
- Equity and quasi-equity

**Final Recipients and Typical Projects:**
- Transport infrastructure
- Broadband infrastructure
- Innovation
- Energy infrastructure
- Energy Resource efficiency
- Urban Infrastructure
- Renewable energy
- SMEs
- Education
EIB Response to refugee crisis

Overall approach:
As the EU’s bank, finance investments leveraging public and private funding for resilience, reception and integration of refugees to address:
  (i) the refugee crisis in Europe and along the refugee routes;
  (ii) the root causes in the countries of origin of migration.

Eligible areas of support:
- Housing and shelter (incl. reception centers, temporary accommodation and social housing)
- Associated infrastructure (incl. water supply, wastewater and solid waste management, sustainable transport, power supply, health and education)
- Protection against extreme weather events
- Youth employment
- SME/micro-finance support
- Technical assistance

Geographical scope: (i) countries of origin; (ii) countries of transit; (iii) countries of destination.
## EIB Eligibility Criteria for Refugee-related Projects

<table>
<thead>
<tr>
<th>Sector</th>
<th>Eligibility criteria</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Housing and Shelter</strong></td>
<td>• Construction of reception centers for refugees;</td>
</tr>
<tr>
<td></td>
<td>• Construction of short-term temporary accommodation;</td>
</tr>
<tr>
<td></td>
<td>• Construction of social housing for refugees;</td>
</tr>
<tr>
<td></td>
<td>• Upgrading, replacing and reorganization of existing urban infrastructure facilities to adapt them to accommodation and facilities for refugees;</td>
</tr>
<tr>
<td></td>
<td>• Associated equipment (ICT components, furniture, etc.);</td>
</tr>
<tr>
<td></td>
<td>• Associated initial start-up costs:</td>
</tr>
<tr>
<td></td>
<td>✓ temporary shelter and standard packs for refugees;</td>
</tr>
<tr>
<td></td>
<td>✓ integration-related activities (staff costs for training, language courses, health care, etc.);</td>
</tr>
<tr>
<td></td>
<td>• Development of new enterprises and commercial sites;</td>
</tr>
<tr>
<td><strong>Infrastructure associated with refugee housing, shelter and service provision</strong></td>
<td>• Water supply, wastewater management, solid waste;</td>
</tr>
<tr>
<td></td>
<td>• Sustainable transport (incl. urban improvement schemes);</td>
</tr>
<tr>
<td></td>
<td>• Power supply/transmission/distribution;</td>
</tr>
<tr>
<td></td>
<td>• Innovation enabling infrastructures;</td>
</tr>
<tr>
<td></td>
<td>• Basic telecom connection to networks;</td>
</tr>
<tr>
<td></td>
<td>• Health, education facilities;</td>
</tr>
<tr>
<td></td>
<td>• Infrastructure and utility provision for new commercial sites;</td>
</tr>
<tr>
<td><strong>Protection against extreme weather events</strong></td>
<td>• Flood/heavy rains protection and mitigation;</td>
</tr>
<tr>
<td><strong>Emergency response infrastructure/equipment</strong></td>
<td>• Infrastructure and equipment clearly dedicated to humanitarian purposes (search and rescue vessels);</td>
</tr>
<tr>
<td><strong>Technical assistance</strong></td>
<td>• TA and Consultancy Services for project preparation, management and supervision</td>
</tr>
</tbody>
</table>
Short-term Operational Response

✓ **Conversion of existing operations** with a special eligibility window for expenditures connected with refugees;

✓ **Special conditions:**
  - up to 100% of the eligible project cost can be covered;
  - derogation from the EIB-EC funding cumulus caps (70%, 90%);
  - financing of expenditures < 50% complete by Nov 2015;

✓ Funding for refugees through **private sector intermediated lending** will be opened in existing and new facilities for SMEs/microfinance;

✓ **Co-financing** through grants and blending instruments;

✓ **Needs assessment** underway

**EIB contribution** to the CEB **Migrant and Refugee Fund** from Bank’s administrative budget as an exceptional charitable measure in order to mitigate the effects of the refugee crisis – **EUR 5 mln**
Refugee-related Framework Loans - Europe

Germany

- EUR 540 mln project cost (EIB loan EUR 270m) regional Framework Loan:
  - accommodation for around 46,000 refugees:
  - units will provide temporary accommodation to refugees before being reverted into social housing for the wider population;
  - approx. EUR 250 mln – dedicated to regular social housing;
  - approx. EUR 250 mln – dedicated to social housing for initial occupation by refugees

- EUR 440 mln project (EIB loan 120m) aimed at providing financing for additional appropriate accommodation/housing for refugees and asylum-seekers through a Framework Loan:
  - schemes implemented and operated by local authorities and subsidiary entities (e.g. municipal social housing companies);
  - the schemes are either refurbishment or new construction;
  - 113,000 refugees/asylum seekers to be affected by the project
Refugee-related Framework Loans - Europe

- EUR 600 mln (EIB loan 300m) project to finance the provision of additional accommodation for refugee/asylum-seekers in one of German Federal States in 2016 and 2017:
  - the investments will be new construction in around 60 locations
  - Flexible accommodation designed for adaptation to other public uses if no longer needed as refugee/asylum seeker accommodation;

France

- EUR 110 mln project (EIB loan 50m) aimed at providing temporarily house to the asylum seekers during the procedure of processing their applications:
  - rehabilitation and refurbishment works of around 13,000 units of housing;
  - financing for social integration support
  - Project anticipated to benefit 65,000 refugees/asylum-seekers.
Early Recovery Project - Ukraine

Context

• Around 1.5 mln officially registered Internally Displaced Persons in Ukraine;
• The real number of IDPs remains unknown but is likely to be higher;
• 5 mln people directly affected by the conflict;

Aim: to finance early recovery of small scale, multi sector damaged infrastructure investments in the municipal and social infrastructure to cope with the consequences of the conflict in the East of Ukraine (Donetsk and Luhansk oblasts).

Geographical scope:

1) Conflict-affected areas of Donetsk and Luhansk regions (which are under the control of the Ukrainian government);
2) Three surrounding oblasts, which are most affected by the influx of IDPs – Kharkiv, Dnipropetrovsk, Zaporizhzhia;
3) Other oblasts countrywide, which host significant numbers of IDPs.

Key risks: instability related to complex political and security environment; corruption; technical and institutional capacity; social risks.
Early Recovery Project - Ukraine
Early Recovery Project - Ukraine

Loan:
- EUR 200 mln framework loan;
- EIB own resources;
- Funding of 100% of the eligible project costs

Priority areas of intervention:
- Sheltering and housing;
- Public buildings (e.g. administrative buildings, schools, health centers and hospitals, postal services and other social infrastructure);
- Public services provision (water supply, sanitation, etc.);
- Energy (electricity, district heating, etc.);
- Transportation.
EIB Lending support close to the countries of origin

- EIB lent EUR 16 billion for agribusiness, infrastructure, industry, and SME development in Turkey, Egypt, Lebanon and Jordan 2010-2015
- EIB has financed urban development projects in Syria prior to the crisis
- EIB lending/expertise increasingly in demand to complement humanitarian aid
- Major challenge is resilience of host communities – most refugees are not in refugee centres
- EIB social housing investment focuses on housing for rent, but outside EU the rental model is not developed – EIB projects to date focus on community development and housing-related services (water, waste, local roads etc)
- EIB expertise in post-conflict and disaster recovery programmes increasingly needed
Key Issues

- Investment should focus on host countries benefitting both refugees and local population
- Integration measures key – not only the housing itself
- The process of initial reception to consideration of asylum claim to granting of asylum implies different shelter and housing responses: Reception Centres – Temporary Accommodation – Social and Affordable Housing
- Funding of shelter for reception generally with the state; social and affordable housing generally with the city – intergovernment dimension
- Planning is a huge challenge – adaptive solutions can help
- Project economics – look at adaptive response, re-use or redeployment of housing and accommodation facilities eg. from refugee housing to student accommodation