

# **EIB Funding Social Housing and the European Fund for Strategic Investments (EFSI)**

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**Workshop Housing Europe, Brussels, 24<sup>th</sup> March  
2015**

# Presentation

1. The EIB – The EU Bank
2. EIB financing of social and affordable housing
3. The European Fund for Strategic Investments (EFSI) and the role of the EIB
4. EIB housing policy
5. Potential for social and affordable housing under the EFSI?

# The EIB – The EU bank



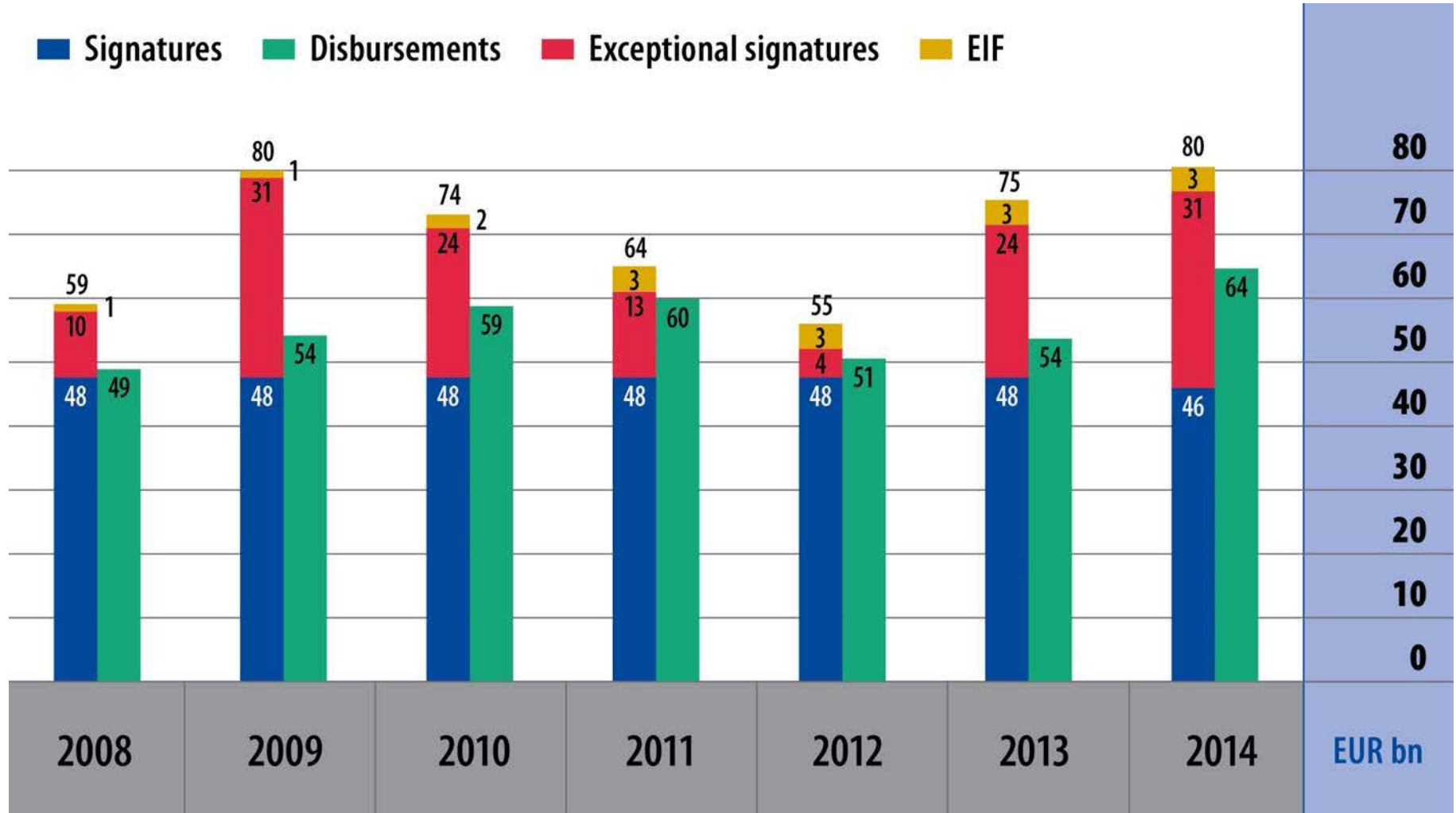
- Natural financing partner for the EU institutions since 1958
- Around 90% of lending is within the EU
- Shareholders: 28 EU Member States

Investing in Europe's growth

# The EIB at a glance

- Largest multilateral lender and borrower in the world
  - Raise our funds on the international capital markets
  - Pass on favourable borrowing conditions to clients
- Some 440 projects each year in over 160 countries
- Headquartered in Luxembourg and 30 local offices
- Around 2 400 staff:
  - Not only finance professionals, but also engineers, sector economists and socio-environmental experts
  - More than 50 years of experience in financing projects

# EIB Group track record: almost EUR 500bn lent since 2008



# Our products

## We help catalyse investment

LENDING	BLENDING	ADVISING
Loans But also:	Combining EIB finance with EU budget (Project Bond Initiative)	Prepare & implement projects (JASPERS)
Guarantees (trade financing)	Higher risk projects for innovation (InnovFin)	Support for public/private partnerships (EPEC)
Equity participation		

Attracting FUNDING for long-term growth

# EIB Group response



# EIB project cycle

We support sound and sustainable projects





# Context: EIB financing of social and affordable housing

- Under the Bank's 'urban regeneration and sustainable communities' umbrella
- Reaching out to small, medium and large-scale housing investments:

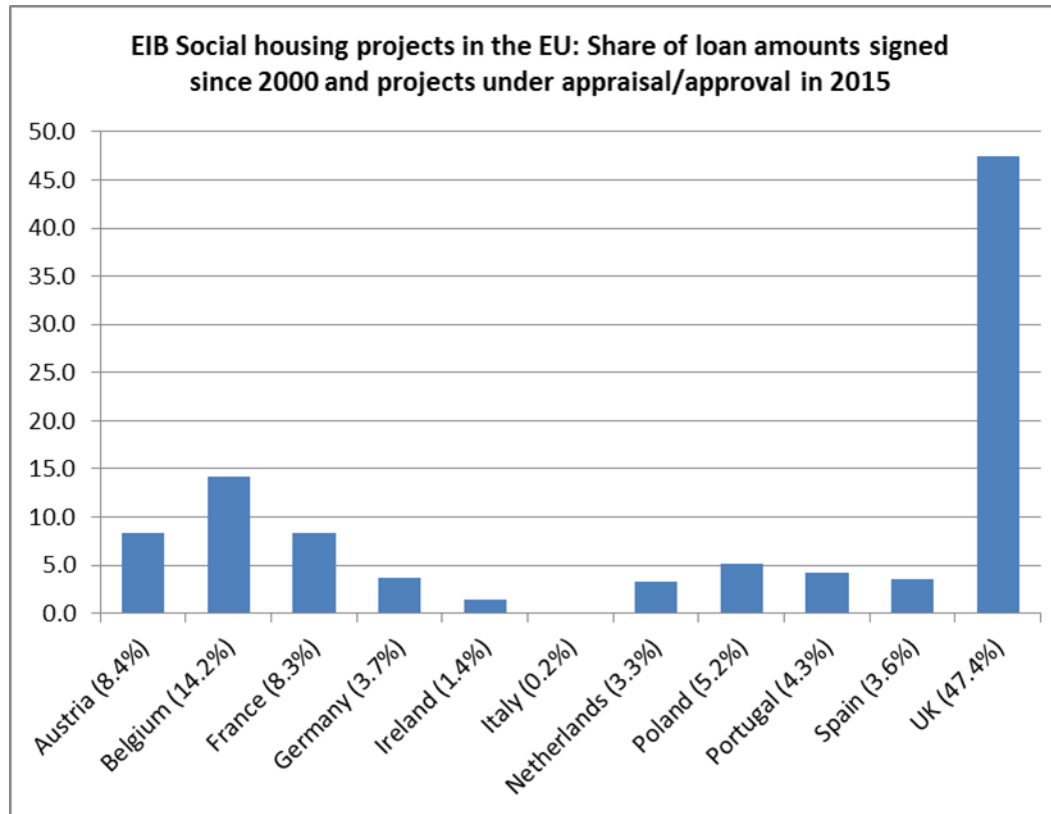
## Direct Loans

- large scale projects/programmes of more than EUR 25 m

## Loans through Intermediaries (public or commercial)

- Covering small and medium-scale projects

# Overview: EIB Financing of social and affordable housing



# Implementation: EIB Financing of social and affordable housing

- Since 2000 the EIB has been financing an increasing number of operations in the sector
- Signatures are amounting to EUR 8.6 bn
- Further projects are under appraisal/approval
- Demand is growing, in 2013 and 2014 the Bank approved 8 operations with a lending volume of 1.8 bn EUR

# The European Fund for Strategic Investments (EFSI) and the role of the EIB

- Context: Investment in crisis
- Barriers to investment recovery
- Rationale for EFSI intervention

# Investment Plan for Europe: context

The Investment Plan for Europe consists of three strands:

1. Regulatory and structural reforms at EU and national levels to create a friendlier investment environment
2. Enhanced EIB-EC-MS cooperation on project identification (the task force) and stepped-up technical assistance
3. The EFSI, to allow the EIB to better address the current shortage of (higher) risk-financing in EU

 Aim: to mobilise at least €315 billion in investment across the EU

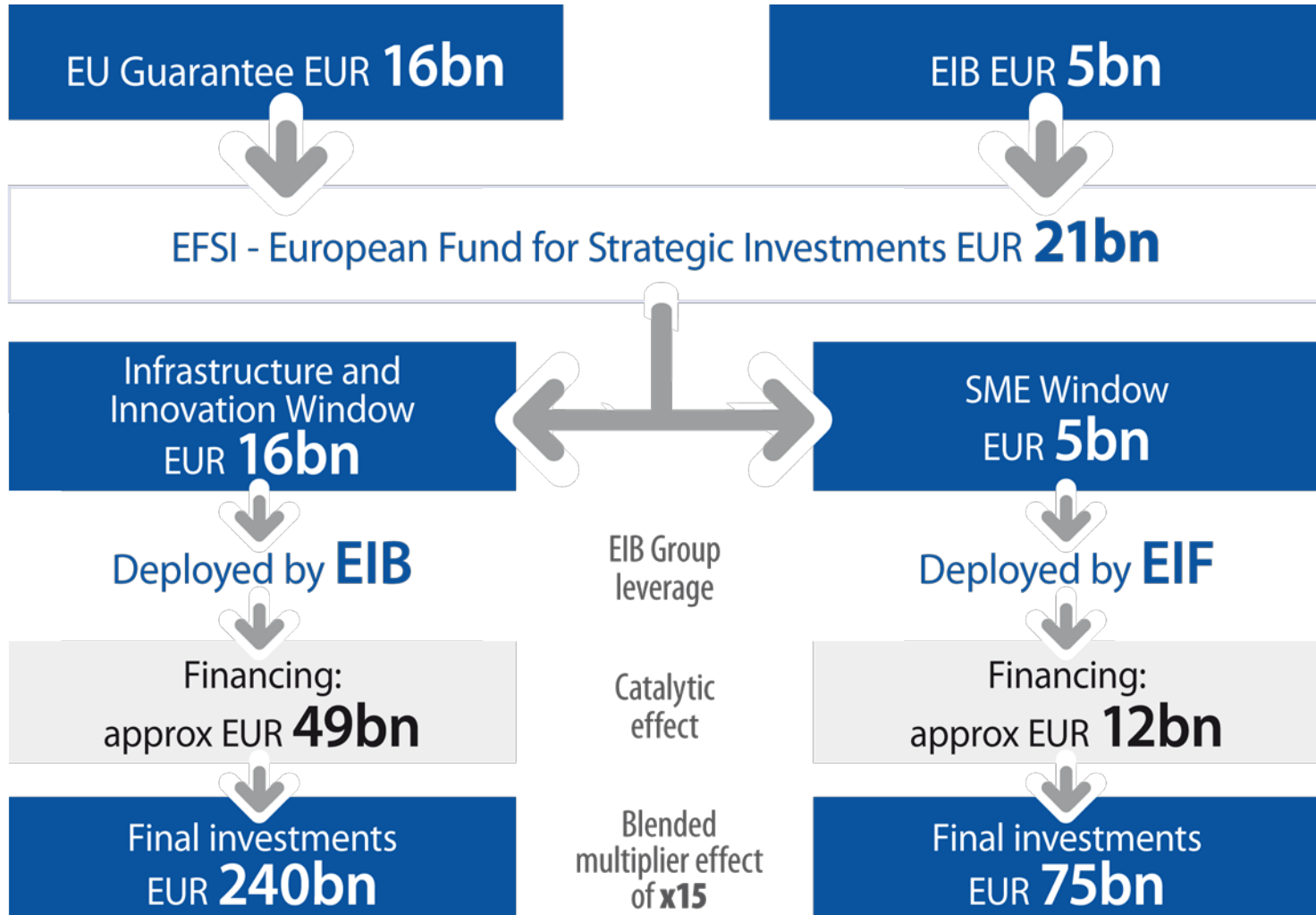
# Pipeline of viable projects

- ❑ Task Force EC-EIB-Member States:
  - Member States were asked to identify potentially viable projects of European relevance to be realised in the short and medium term
- ❑ Identified around 2,000 projects across Europe worth some EUR 1.3 trillion of potential investments
  - Outcome: a forward-looking and transparent pipeline of investable projects.
  - Purpose: to restore confidence and encourage investors to invest and build expertise in Europe

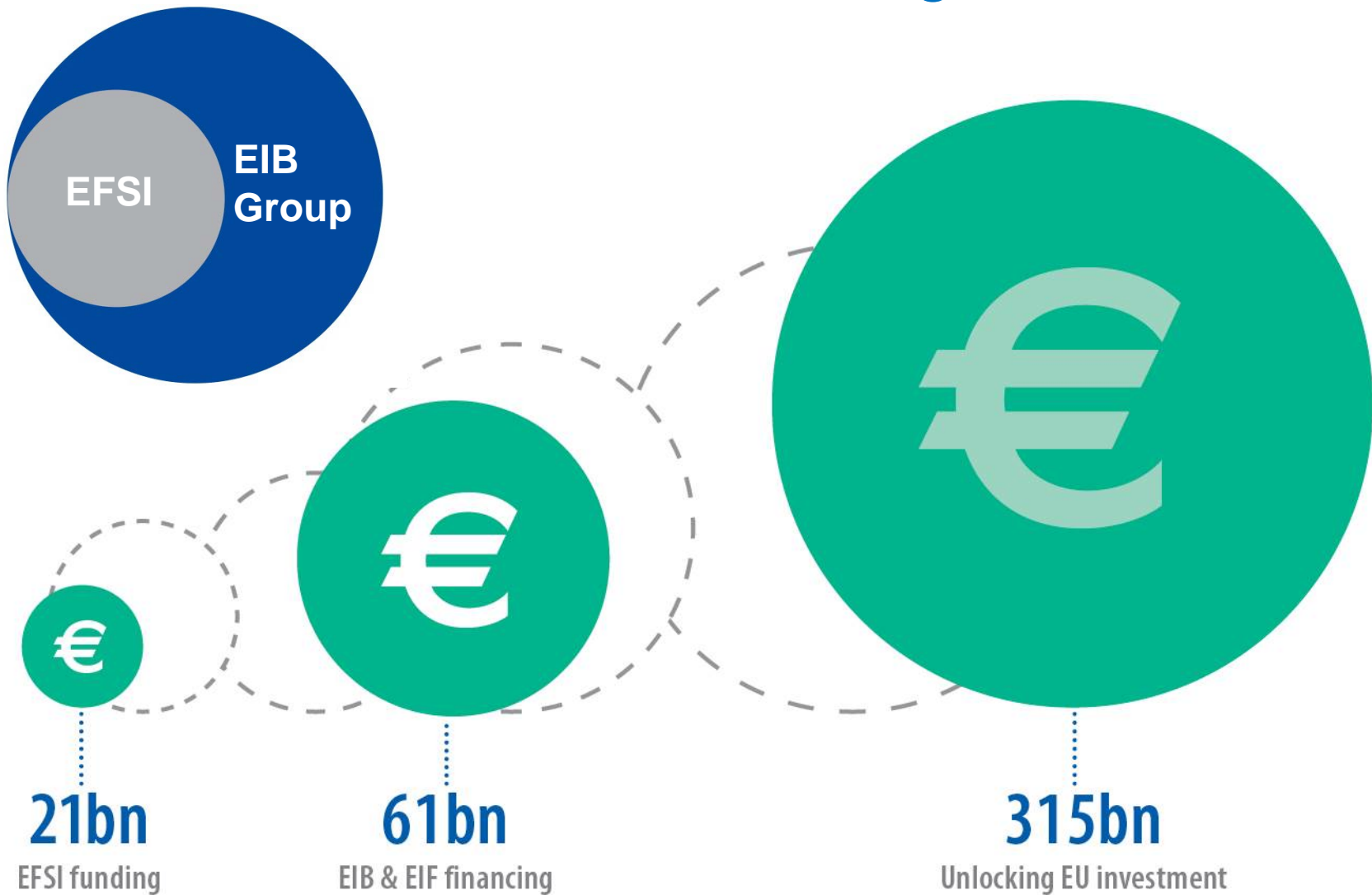


No automatic financing by EC or the EIB for these projects

# European Fund for Strategic Investments (EFSI)



# Mobilising new investment





# Eligible sectors

- ❑ Wide eligibility criteria - Operations consistent with Union policies that support any of the following general objectives:
  - development of infrastructure including in transport, telecommunications, digital and energy infrastructure; infrastructure projects in the environment, natural resources, urban development and social fields
  - research and development and innovation
  - investment in education and training, health, information and communications technology
  - develop and modernise the energy sector, renewable energy, security of energy supply and energy and resource efficiency;
  - financial support for mid-cap companies and SMEs.

 EIB in charge of verifying that eligibility criteria are properly applied

# Eligible counterparts

- ❑ Corporates of all sizes
- ❑ Utilities
- ❑ Public sector entities
- ❑ SMEs (below 250 employees) or MidCaps (below 3,000 employees)
- ❑ NPBs or commercial banks for intermediation
- ❑ Dedicated investment platforms possible



EIB normal “know your customer” and compliance requirements

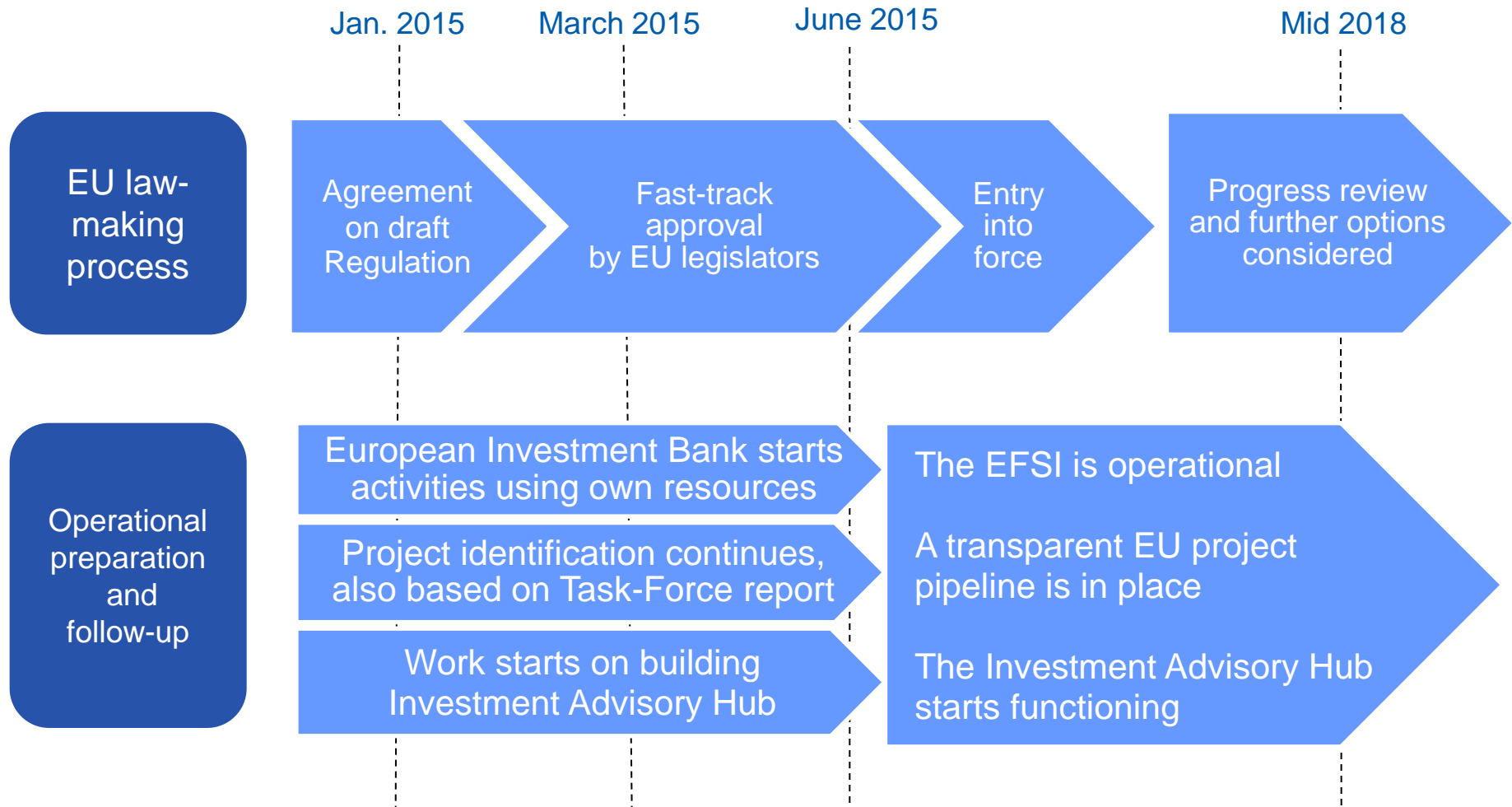
# How will the EFSI operate?

- ❑ All operations are EIB or EIF operations
- ❑ EIB and EIF normal appraisal and processes apply
- ❑ EIB governing bodies approve every operation



- If you know the EIB, get in touch with your normal contact
- If you do not, go on EIB's website and find the individual in the Operations Department responsible for the Member State where the project is located or where your company is located
- If in doubt, check out the EIB web page or contact the InfoDesk

# Next steps

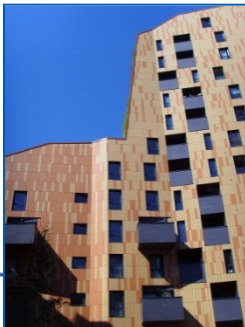


# EIB Housing Policy

# Responding to housing needs

## Challenges and objectives

- Increasing demand for social and affordable housing especially in large cities and agglomerations
- Promoting social inclusion and urban regeneration by providing access to decent housing for low income households
- Economic dimension: Poverty alleviation and job creation



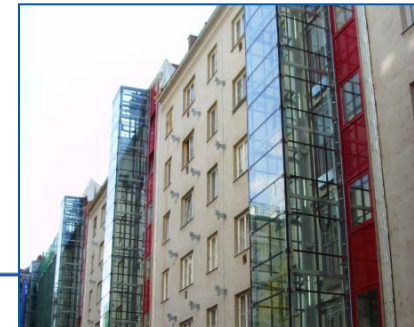
# Promoting best practice and sustainable investment

- Under the Bank's 'urban regeneration and sustainable communities' umbrella
- Social housing regulated by national or regional regulator
- Sound social housing policy framework in place
- Investment projects need to be based on sound local spatial plans and housing programmes and concepts
- Investments need to be locally tailored solutions with appropriate involvement of local communities and inhabitants
- Sound quality of housing investments with defined quality standards

# EIB Eligibility requirements

## Eligibility requirements

- Level of quality (buildings, services, operation and management, etc.)
- Location (Brownfield sites; Greenfield sites with sound urban planning)
- Investment activities (new construction, retrofitting, connected infrastructure), not regular maintenance cost





# Potential for social and affordable housing under the EFSI?

## The EFSI aims at focusing on projects with:

- higher project and financial risks
- a private investment component (e.g. equity)

## Under discussion:

- EFSI Eligibility rules still need to be finalised
- Potentially smaller projects compared to standard EIB lending

# Take aways !

- √ EIB has a long experience in financing social housing projects.
- √ EIB can provide highly attractive terms to sustainable projects and their promoters.
- √ EFSI will focus on higher risk projects intending to specifically attract private investors.