

EIB support to Affordable housing in the EU

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Content

A. EIB support to housing (lending, eligibility)

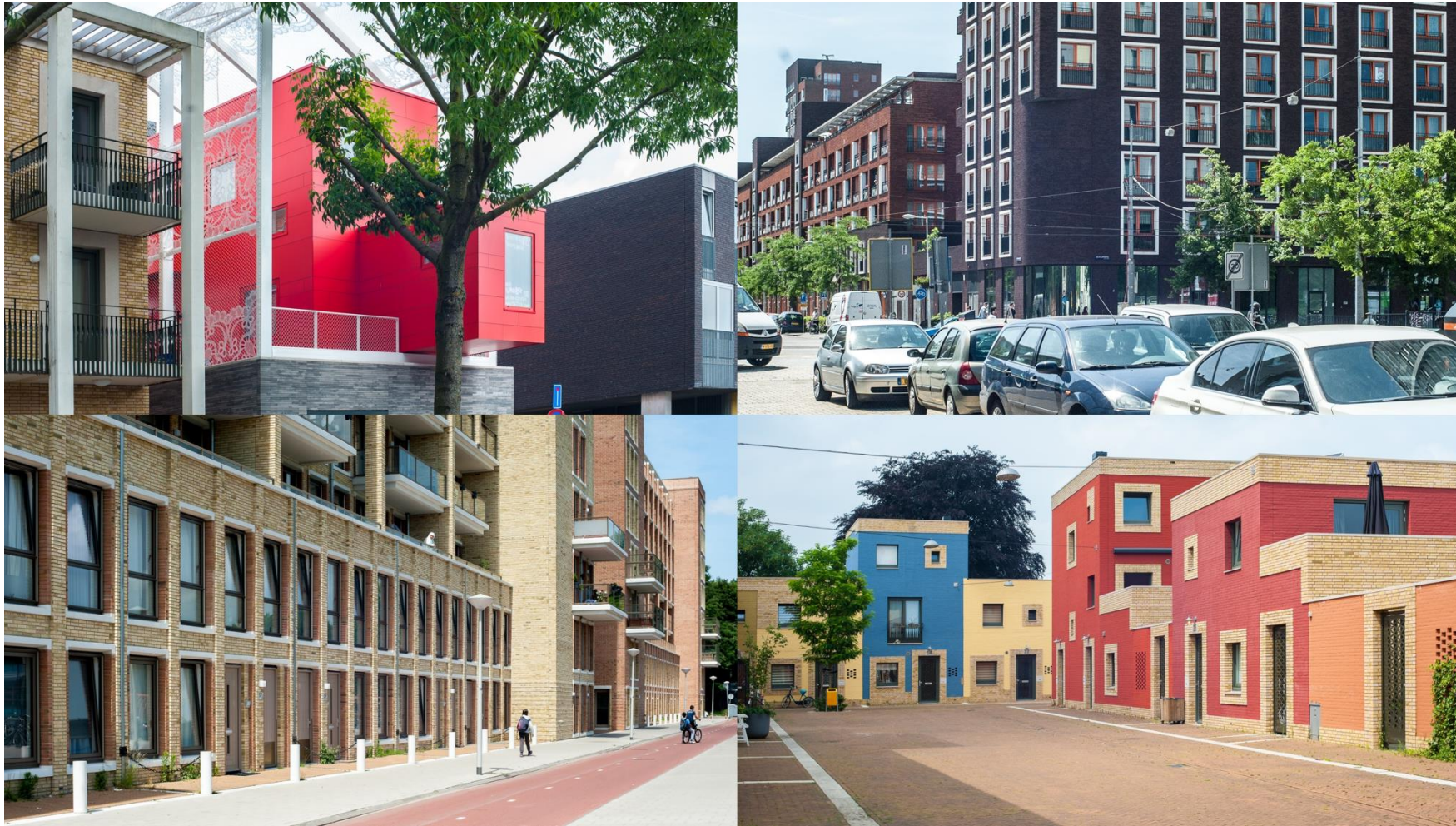
B. Advisory

- Local case study (Bratislava)
- National case study (Czech Republic)

C. Source of financing



A. EIB support to housing



The EIBG Action Plan for Affordable & Sustainable Housing

Objective

- **increase the supply** of affordable & sustainable housing units across the EU

Group Operational target - **Increased ambition**

- Doublefinancing from the current EUR 3bn per year to EUR 6bn by 2026
- Support significant uplift in more units renovated and newly built

Key Features

- **Expand focus** to the entire **non-market affordable housing** segment.
- **Extend activities** across all **EU Member States** (lending & advisory).
- **Broaden outreach** beyond traditional public-sector clients to **private-sector owners & developers** to increase the **supply of regulated affordable housing** (e.g. with clear eligibility criteria).
- **New focus** on **building material manufacturers & innovative construction**.
- New **EIBG Permanent Task Force** and **One-Stop Shop**, plus dedicated **housing website** launched at EIB Forum in March 2025
- Maintain strong **partnerships** with EC, NPBIs, Member States and Regions



The EIBG Action Plan for Affordable & Sustainable Housing - *Thematic priorities*



Innovation

- Support the **construction value chain** to develop and scale up **innovative building technologies**.
- Reduce construction costs and accelerate project delivery.

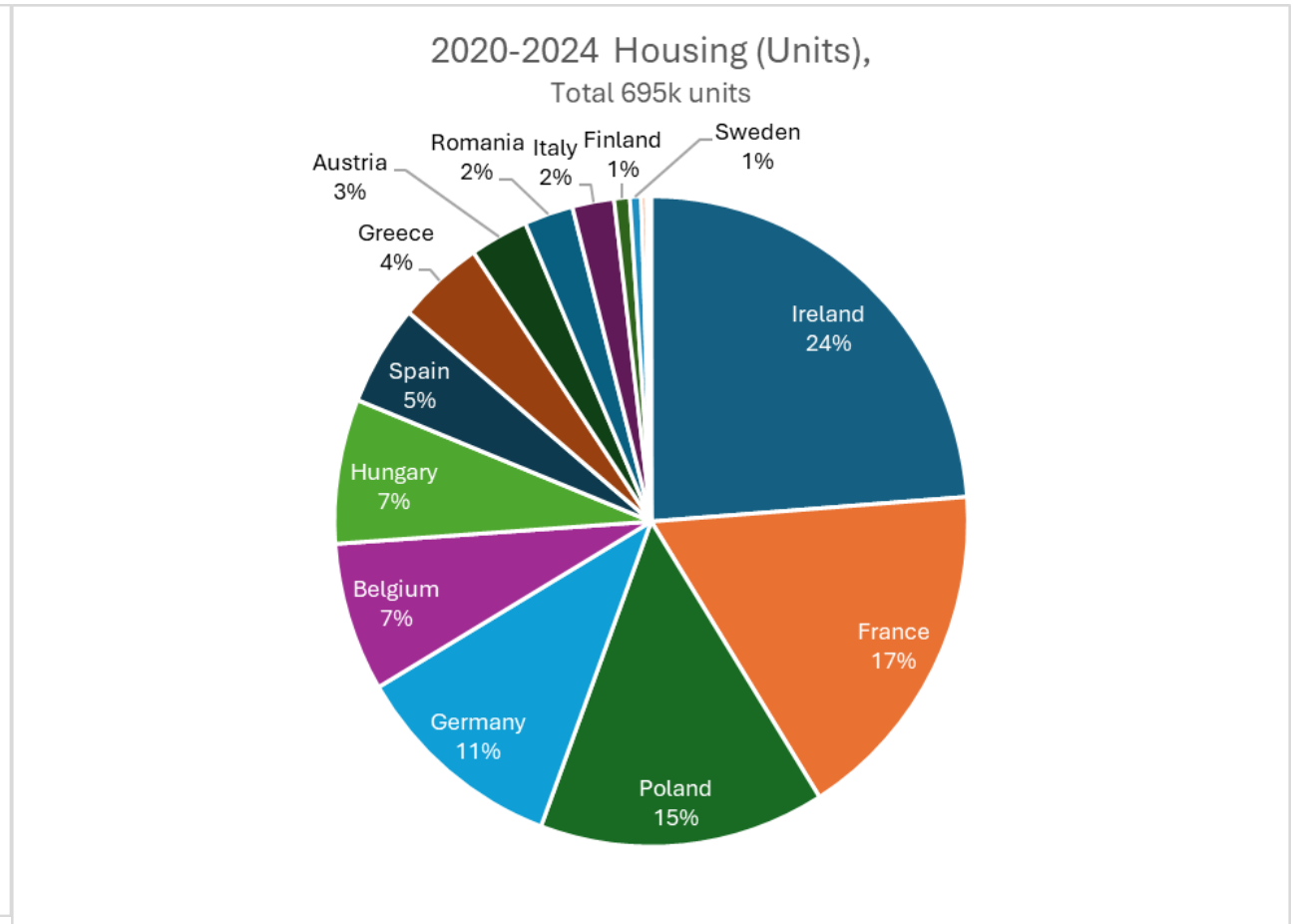
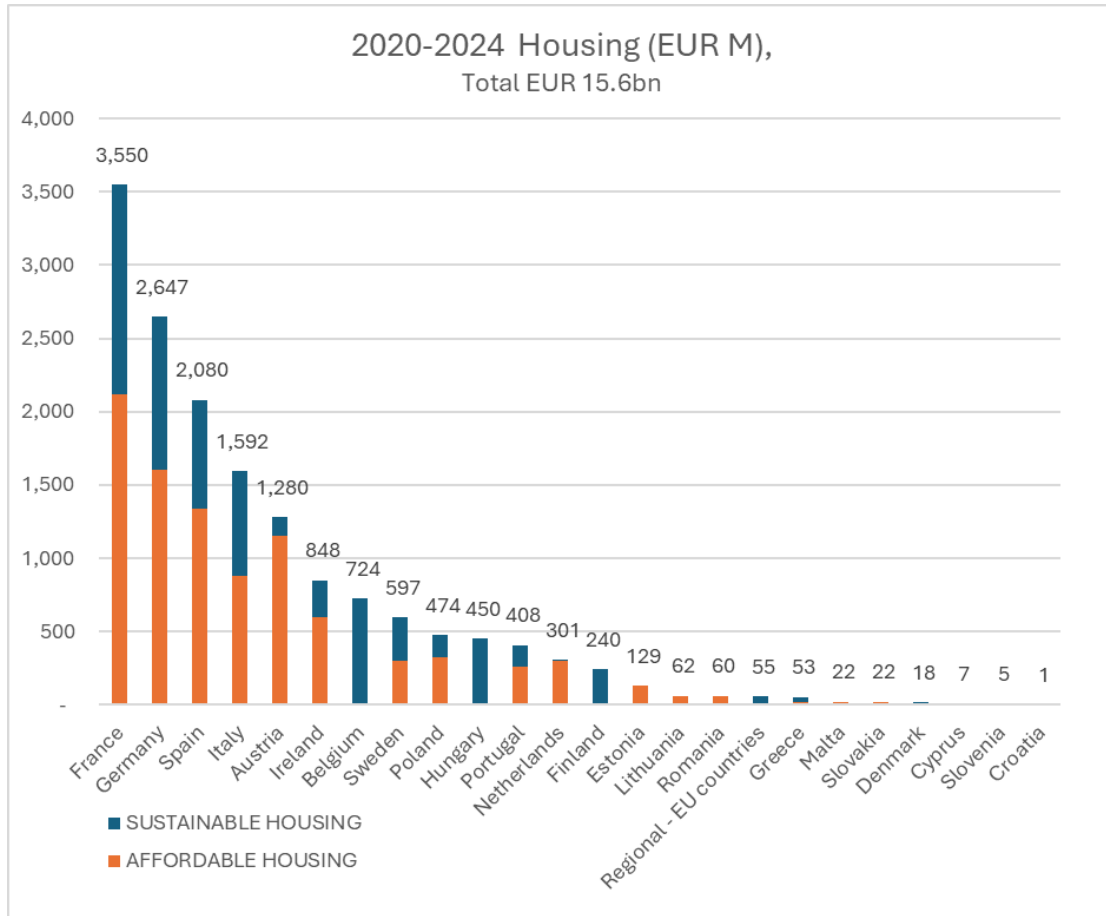
Sustainability

- Scale up **energy-efficient renovations** while maintaining momentum in new builds.
- **Reduce carbon footprint** and **living costs** through energy savings.

Affordability

- Direct and intermediated **EIBG financing** to support **more affordable housing promoters**.
- **Increase housing supply below market prices** in Europe.

EIBG support to Affordable & Sustainable Housing



41% climate action and 50% cohesion contribution of the total 2020-2024 signed amount

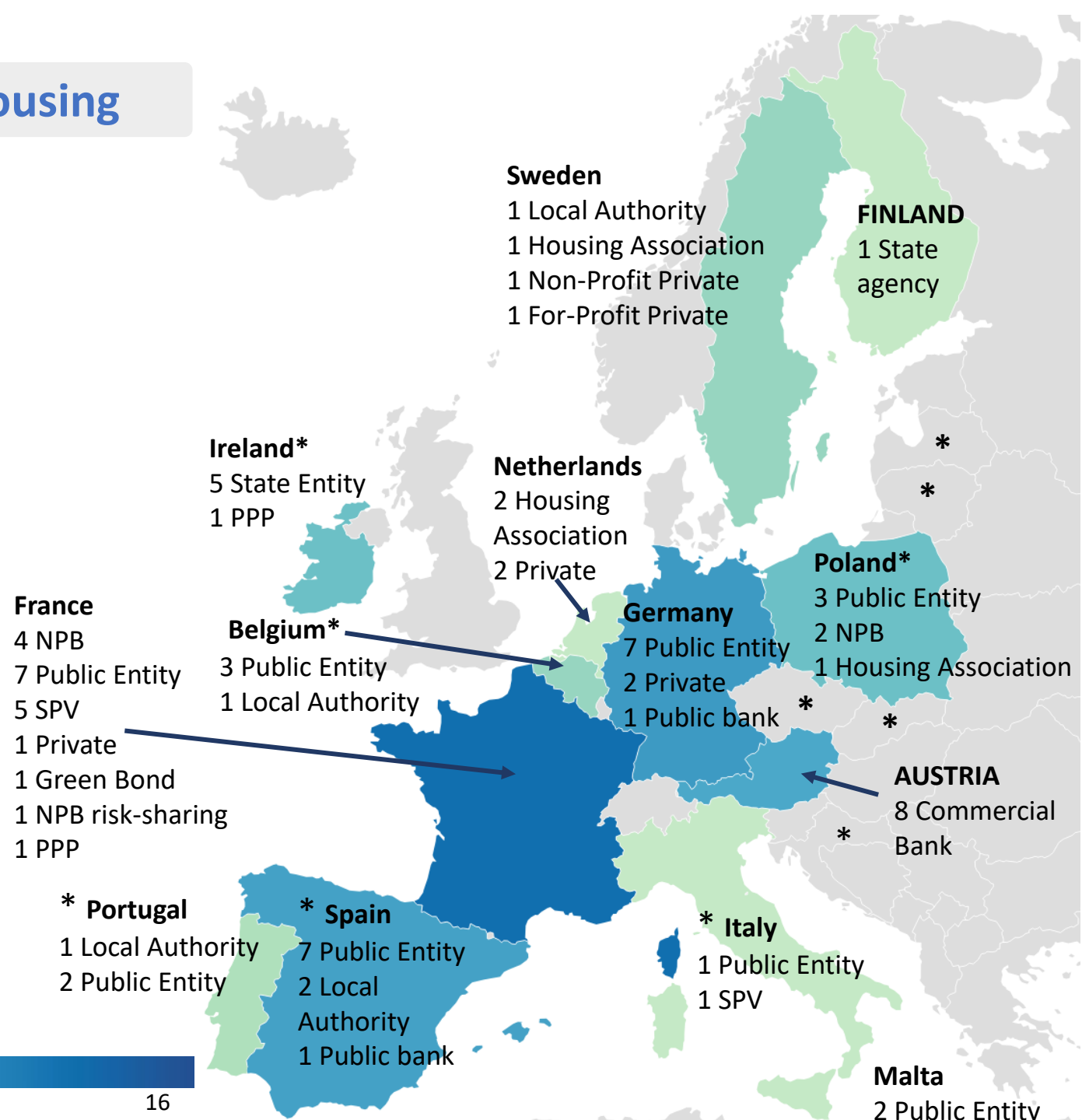
Note: “Sustainable Housing” refers to “market-housing”, new-built or renovations, substantially contributing to Climate Action. “Affordable Housing” can also substantially contribute to Climate Action.

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 between 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*** on policy, regulatory, technical and financial matters



A wide range of EIB products and promoters

Client \ Product	Investment Loan	Direct Framework Loan	Framework Loan via an Intermediary	Investment Platforms	Advisory
Housing associations	✓	✓		✓	✓
Cities and municipal companies	✓	✓			✓
Regulated social and affordable housing providers	✓	✓			✓
National and local promotional banks			✓	✓	✓
Dedicated financial organizations backed by governments			✓	✓	✓
Commercial banks			✓		✓

EIB financing available for local clients



Product: Investment Loans

Investment: Financing of individual investment, project implementation period of usually of 3 - 5 years.

Size: The EIB covers up to 50% of project implementation cost, a minimum amount of EUR 15m.



Product: Framework Loans

Financing of an investment programme consisting of various and often multisector sub-schemes; usually with an implementation period of 3 - 5 years.

The EIB covers up to 50% of total implementation cost of multiannual investment programme, a minimum amount of EUR 15m.



Product: PPP / off-balance structures / Equity / Funds

Specially prepared structure of the project with a long-term cash-flow perspective.

The EIB covers up to 50% of project implementation cost, a minimum amount TBA.

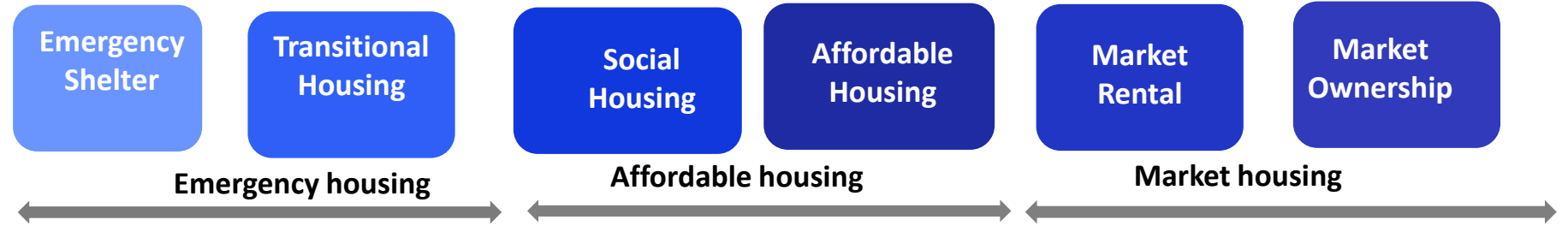
Infrastructure funds dedicated to urban development or brownfields

EU financing: EIB financing is compatible with EU grants – up to 90% of the project cost in cohesion regions and 70% outside of them.

Intermediated financing: Small investments maybe supported through a local banks (promotional or commercial)

EIB Intervention in affordable and sustainable housing

Housing continuum

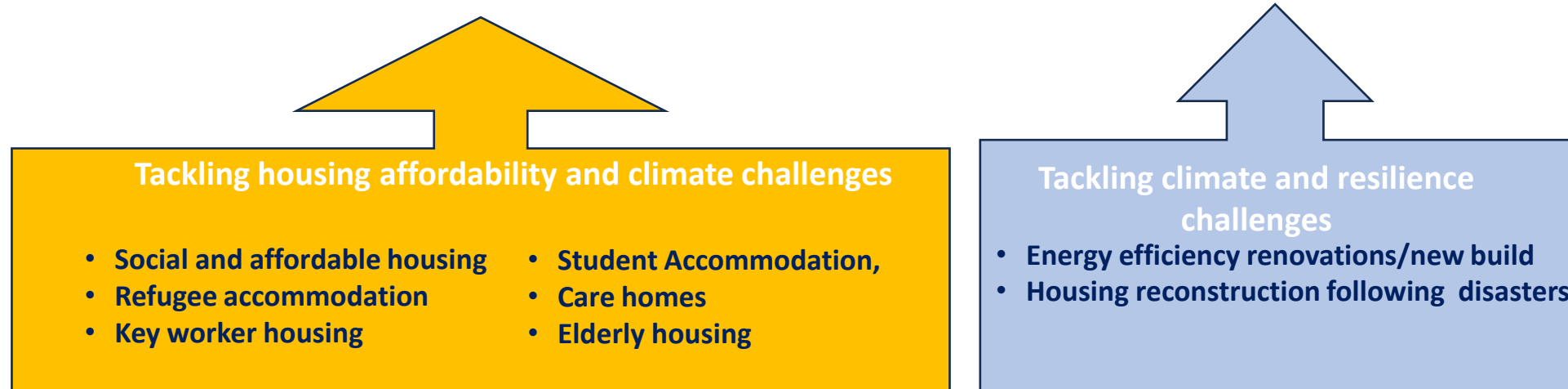


Market failures

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



EIBG Definition and Criteria for Affordable Housing

Proposed Definition:

Residential accommodation that meets a suitable quality standard, is provided at below market prices, and is aimed at supporting citizens who, due to income or social constraints, are unable to secure housing at market conditions*.

*Indicatively, housing costs should not exceed 40% of the net disposable income of the occupants; other national/local criteria to establish market failure could be applied - such as income levels of key workers.

EIB Eligibility Criteria

- **Minimum regulatory framework:**
 - National policy and regulatory framework OR
 - Local housing plan or equivalent (eg. Strategic Local Plan for Affordable and Sustainable Housing-SPLASH) OR
 - Suitable governance framework (eg. via a service contract, housing company governance, or financial instrument)
- **Paris alignment** (EU EPBD & EIB CBR are met – per current EU EE legislation)
- **Integrated into the urban environment** – part of an approved urban development or housing plan
- **Transparent, inclusive and fair allocation mechanism** in place
- **Rental preference;** ownership housing eligible subject to public policy safeguards

To note:

- Where sound national policy framework exists, EIB applies national definitions
- Discussions underway with DG Competition and member states to seek a harmonized definition linking also to potential revisions to the State Aid approach for housing under SGEI

MANNHEIM SOCIAL AND AFFORDABLE HOUSING, Germany

Direct Investment loan

- **Description:** 454 newly built and additional 2,058 retrofitted housing units across the City of Mannheim. The project also includes the construction and upgrade of associated infrastructure (particularly kindergartens), including adaptation to an aging population and improved accessibility, parking, etc.
- **Project cost:** EUR 343.8 m. **EIB financing:** EUR 150 m. **Maturity:** 22 years / 3-year grace (econ. life 35y).
- **Borrower and Promoter:** GBG UNTERNEHMENSGRUPPE GMBH (Municipal housing holding company, Ltd.), 100% owned by the City of Mannheim. GBG Mannheim has 3 subsidiaries operating in the areas of urban development, school infrastructure and digital infrastructure and services. GBG owns and partially operates also 264 facilities mostly kindergartens, apprentice accommodation, old people's home, etc.
- **More info:** <https://www.eib.org/en/projects/all/20190404>



SZCZECIN AFFORDABLE HOUSING INVESTMENT PLAN, Poland

Within Poland Social and Affordable Housing Programme

- ❖ **Description:** 110 new housing units and additionally refurbished residential premises, 11 commercial premises, underground parkings.
- ❖ **Project cost:** EUR 31 m. **EIB financing:** EUR 12 m (in PLN) - decreased.
Maturity: 30 years, 4-year grace.
- ❖ **Borrower:** Szczecinskie TBS (Towarzystwo Budownictwa Spotecznego, Social Housing Company)
- ❖ **Promoters:** STBS and TBS Prawobrzeże, both 100% owned by the City of Szczecin, owning together over 8,500 residential units, also commercial retail units, garages.
- ❖ **More info:** <https://www.eib.org/en/projects/all/20180811>



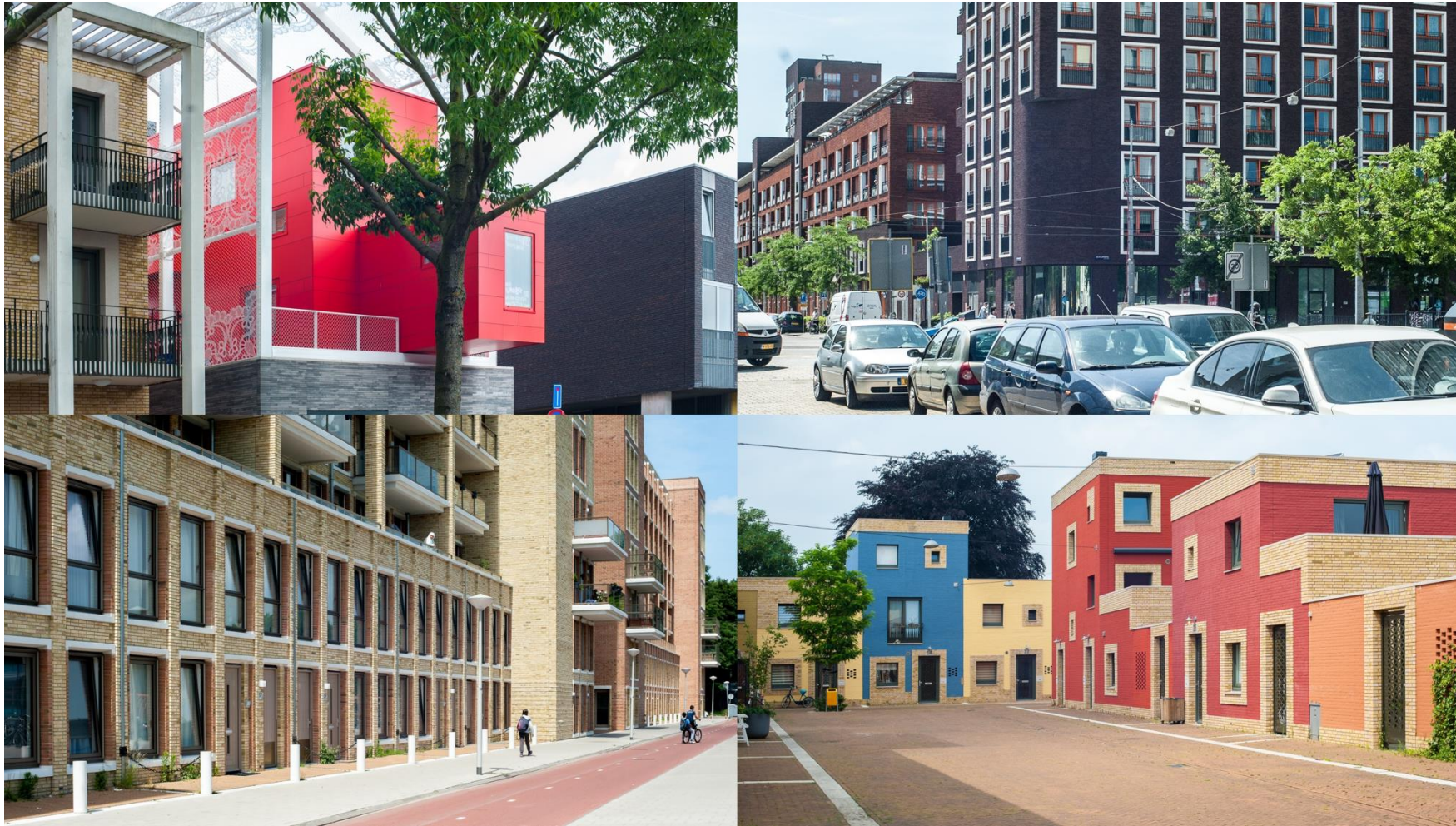
BGK Social and Affordable Housing (Poland)

Intermediated framework loan

- ❖ Brokered loan to the Polish National Development Bank (BGK)
- ❖ Construction of 4,000 social and affordable apartments across Poland
- ❖ The project selection system favoured the revitalisation of the territory concerned
- ❖ EIB loan: EUR 266 m, 50 % of the total cost
- ❖ Beneficiaries: municipal societies / associations (established to create and manage social and affordable housing)



B. Advisory



ADVISORY SUPPORT FOR SOCIAL AND AFFORDABLE HOUSING - EXAMPLES

- **Czech Republic**

Comprehensive support for developing the SAH sector, comprising needs assessment, support for developing a strategic framework for the sector, pipeline identification and investment options analysis.

- **Slovakia**

Organisational development support and investment options analysis to the Bratislava Housing Organisation for preparing SAH projects.

- **EU-wide**

An assignment including an EU-wide survey to gain an understanding of the financing needs in SAH, identifying financing models applies in different member states, case studies and workshops in selected countries

- **Poland**

Supporting the City of Gdansk with the development of a pilot project to explore different ways to finance the refurbishment of the city's considerable social housing stock.

- **Ireland**

Advisory assignment supporting the retrofit of existing housing stock; affordable housing per the New European Bauhaus

Transfer of the EU experience to CEE countries



France



Germany

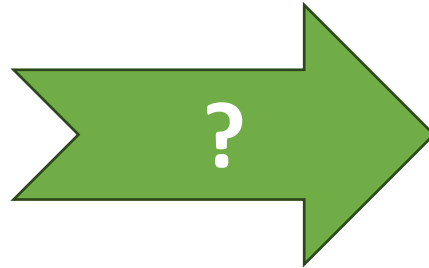


Netherlands

Transfer of the EU experience to CEE countries (2)



Elements of housing policy



National housing policy

Bratislava City housing advisory (completed)



Objectives of the Assignment

- **Overall Objective:** Assist the City of Bratislava and its subsidiary, Bratislava Housing Organisation (BOB), in defining efficient institutional, organizational, and financing models for public rental housing.
- **Purpose:** Increase the supply of moderately-priced rental housing to improve overall housing affordability and maintain the city's attractiveness.

Key Results

- Inform the City and BOB of the optimal institutional setup for public rental housing.
- Develop an efficient organizational model for BOB.
- Design a financially sustainable model that minimizes the need for city subsidies after a short start-up period.
- Identify and prepare preliminary investment proposals for future public rental housing projects.

Conclusions/recommendations

- **Mission /Objective**
Provide affordable housing to social groups and key workers, ensuring transparency, equal opportunities, and financial sustainability.
- **Organisational Model**
Short-term: operate within existing laws; Long-term: transition to a municipal corporation.
- **Structure**
Adopt limited liability or joint-stock company status; become a social enterprise.
- **Legislative Changes**
Allow subsidies for municipal social enterprises; introduce specific rental housing legislation.
- **Benefits**
Access housing subsidies, loans, PPP projects, and investment loans; receive increased subsidies and free property transfers.
- **Interim Operations**
Function as a municipal organisation, non-profit, and registered social housing enterprise.
- **Advisory Bodies**
Establish an Investment Committee to guide financial, planning, legal, and technical decisions.

Czech national housing advisory (ongoing)

Objectives of the Assignment

• Overall Objective

Support the development of the affordable housing sector in the Czech Republic by establishing a strategic framework and identifying a pipeline of investment projects.

• Purpose

Enhance housing affordability and address housing market failures through systemic approaches and stakeholder coordination at national, regional, and local levels.

• Key Results

- Develop a strategic framework and investment options for affordable housing.
- Identify and screen potential affordable housing projects across the Czech Republic.
- Provide concrete, evidence-based recommendations for financing mechanisms and operational models.
- Support the Czech authorities in developing a communication strategy to raise awareness and public support for affordable housing initiatives.

Czech national housing advisory (ongoing) (2)

First outcomes (drafts)

- EU best practice report (perspective examples to follow)
- Market assessment report (demand, supply, institutional barriers)
- Methodological guidance (what and how, qualitative parameters)
- Price maps (local rents)
- Institutional set-up (legislation, methodology, advisory capacity, agency, financial streams)
- Financing models
- Project scouting, project pipeline, project financing

Czech national housing advisory (ongoing) (3)

No conclusions yet – only observations

The journey is the goal

(iterative process involving many stakeholders, formation of the housing policy).



Czech pilot affordable housing operation (private)



- Private: no public support (land, subsidy)
- 4 projects (sites) in Prague
- 700 housing units
- Tenants (target groups) = key workers (nurses, teachers, municipal officials – contractual partners)
- Affordable rent (-20% of the market)
- Long term management of housing units (as in Austria)
- Energy efficient
- Housing and what's next

PPP Projects

Theory:

- PPPs leverage private sector expertise, innovation, and financing, which can lead to more efficient project delivery and management, but their effectiveness depends on various factors such as the project's design, implementation, and the specific context.
- Governments typically provide regulatory support, land, and sometimes financial incentives,
- Private developers handle financing, construction and management.
- Efficiency of PPP in affordable housing (sector with lower operational costs, the higher costs associated with PPPs, including development, bidding, and ongoing management, need to be justified by the value they add).
- One EIB project in Ireland



Multi-source financing: Project finance vs. corporate financing, portfolio basis

- Land
- Equity
- Grants
- Preferential / subsidised loans
- Commercial loans



EIBG Web-platform: More homes. Better homes

European Investment Bank

EN CLIENTCONNECT

PAN-EUROPEAN PLATFORM FOR AFFORDABLE AND SUSTAINABLE HOUSING

WHAT WE OFFER PARTNERS KNOWLEDGE GET IN TOUCH

HOME → OUR WORK → WHAT WE DO →
SUSTAINABLE CITIES AND REGIONS → URBAN DEVELOPMENT

More homes. Better homes

The EU's initiative for more innovative, energy-efficient and affordable housing in Europe

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