

The use of ERDF funds in France for financing Energy Efficiency in Social Housing



CA ESD 2 - PM Paphos - October 2012

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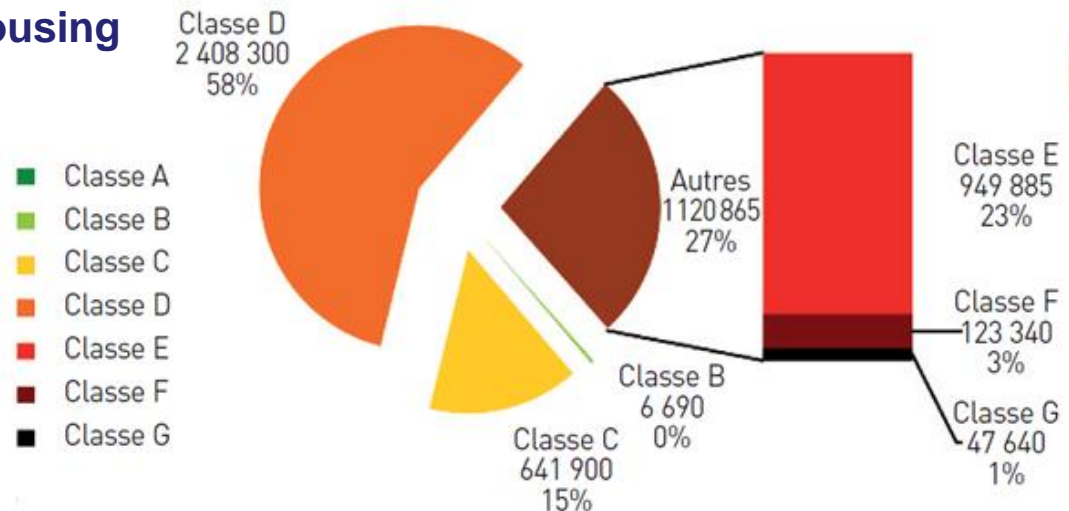
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1. Context

Social housing in France:

- **4.2 million** social housing dwellings
 ↳ **10 million** inhabitants (16% of the French population)
- **800 000** social housing dwellings, among the most energy-consuming ones, to be refurbished by 2020 according to the Grenelle Law (2009)
- Average consumption in primary energy: **170 kWh/m² per year**

Distribution of the social housing dwellings stock by energy consumption (source: USH)



1. Context (2)

Following ERDF's regulation revision allowing the use of ERDF funds to finance energy efficiency in existing social housing:

AT NATIONAL LEVEL:

- **€320 million of ERDF funds** available for energy efficiency programs in social housing
- The French administration set national indications on:
 - *The conditions of implementation of the ERDF measure in regions: target the most consuming dwellings, be exemplary and trigger new refurbishments while concerning a large number of dwellings and households*
 - *The minimum level of energy savings to achieve depending on the date of construction of buildings*

=> Global framework for implementation of the measure

1. Context (3)

Following ERDF's regulation revision allowing the use of ERDF funds to finance energy efficiency in existing social housing:

AT REGIONAL LEVEL:

- **Leading role of Regional Associations for Social Housing**
 - Quick appropriation of the measure
 - Creation of strong **partnerships** between all concerned actors/co-financers
- Current situation **diagnosis**
- **Needs identification and prioritization** at the regional level
- Definition of:
 - **Forms of intervention**
 - **Eligibility criteria** for projects to be financed by ERDF
- **Accompanying measures**: information and support for local social housing organizations
- Pooling of funds and expertise

2. Results

By the end of 2011:

- **97%** of Metropolitan France's ERDF envelop already used
- **67,000 households** with low incomes benefitting from energy savings (~2,200 dwellings refurbished per month)
- **15,000 local jobs** created or maintained
- Average funding: **2,886€** per dwelling, representing **14%** of the investment
- Global investment: **€1.1 billion**

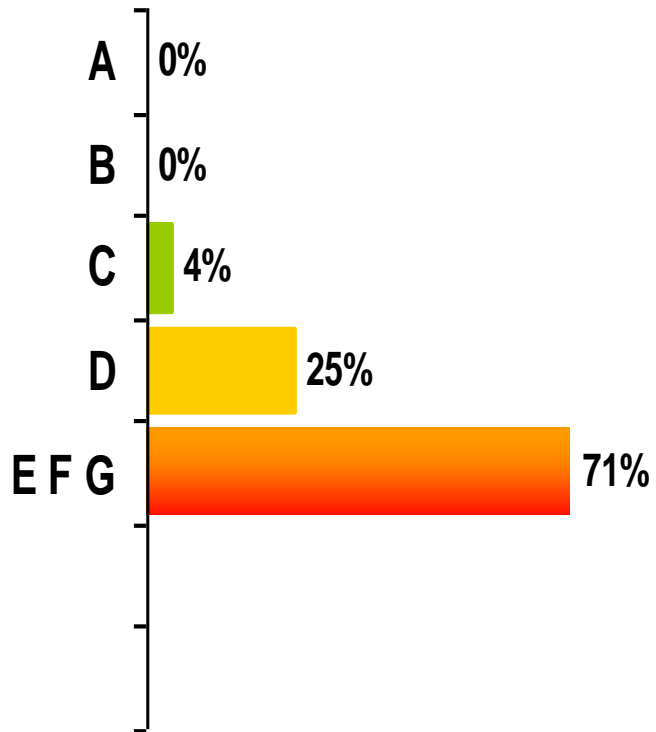
- Several regions had to extend the initial envelop allocated to EE in social housing
- Two regions consumed their envelop by the end of the first year and have been asking for more every year since (Ile de France and Nord Pas de Calais)

- **Estimation of energy savings per year per households:**
 - *Based on local experience: energy retrofiting means 40% of energy saving*
 - *360 to 1000 € of savings per year*

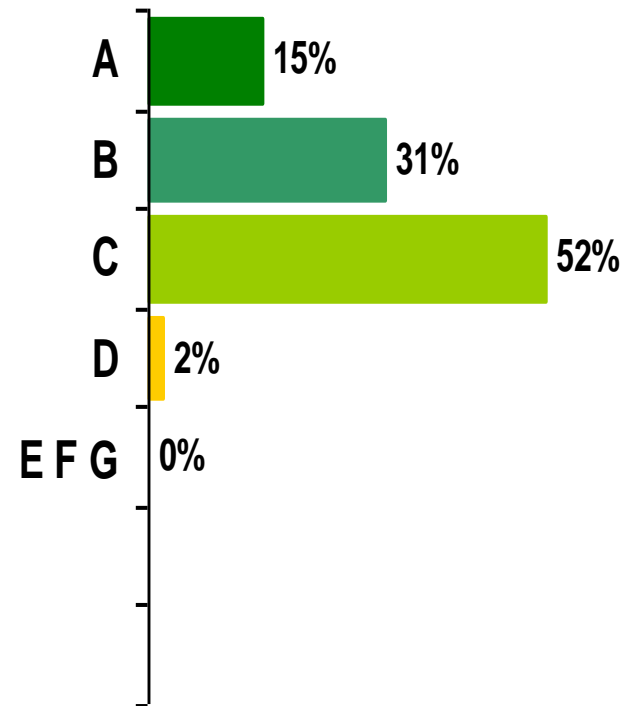
2. Results (2)

Climatic aspect of the measure (source: USH)

Before refurbishment



After



3. Concrete methods to distribute ERDF funds

Management of ERDF: under the authority of the regional state representative

- *Can manage ERDF funds for energy efficiency in social housing by itself*
- *Can also resort to a technical support for the instruction and the management of funds without delegating the authority of management*
- *Can delegate the authority of management to a public body*

2 main methods to allocate ERDF funds:

- Grants:
 - *On a first come, first serve basis*
 - *With subsidy rate linked to the level of energy performance reached*
- Calls for proposals:
 - *Targeting ambitions energy performances*
 - *Usually launched within a partnership between the Region, the ADEME regional direction and the State regional representative.*

4. Combination with other policies/measures

- Low interest loans from the CDC:
 - €9 000 to €16 000 per dwellings, depending on the initial energy performance
 - at a variable rate indexed on the « Livret A » savings account for loans of 15 years and less, increased of respectively 15 and 25 points for loans from 15 to 20 years and from 20 to 25 years
 - granted to social housing organisms willing to refurbish dwellings within the energy classes E, F or G and under certain conditions within the class D
 - 2,000€ bonus per dwelling in case of energy performance labeling (Low consumption building or High energy performance)
- Grants from **national public organisms**
 - Subsidy ADEME/Region for feasibility study (up to 80% of costs)
 - ADEME Subsidy for energy audit (up to 70% of costs)
- Grants from **local authorities** (regions, department, cities)

4. Combination with other policies/measures (2)

- The French law allows social housing organisms to share the cost of refurbishment with tenants, through an increase in rents. This is strictly framed: it can only be done if the refurbishment reaches a certain level of energy performance and cannot overcome half the savings estimated for the measure.
- Rebate on the social housing organism built property tax (concerning all buildings owned and depending from the same tax center) up to **25% of energy efficiency investments**
- Valuation of energy efficiency measures through the **White Certificates scheme**

5. Example: the call for proposals of the PACA region

Title: Energy refurbishment of social housing dwellings in the PACA Region

- Launched in 2010, 2011 and 2012
- A unique call for proposals from ERDF, the PACA Region and the ADEME
- A partnership between the PACA Région, ADEME 's PACA direction, the State regional representative, the PACA regional association for social housing , and the Ministry for the environment regional direction
- Budget: €15 million for the 2009-2013 period (FEDER €6M; Region €6M; ADEME €3 M).
- Objectives: ambitious requirements in terms of energy performance, increasing with each new call



A success, as the envelop obtained for 3 years was consumed after the 2nd call for proposal and the regions had to ask an extension

5. Example: the call for proposals of the PACA region

Characteristics:

- A compulsory energy audits before applying to the call
- Three levels of performance after refurbishment can be targeted, modulated depending on the dwelling location and height
- Subvention rate by dwellings and by program fixed depending on the level of performance targeted

Monitoring of energy savings for successful proposals:

- A compulsory 2 year follow up after the end of refurbishment work through 2 data collection campaigns at the end of year 1 and 2
- Objectives:
 - *Check actual energy and water consumptions of buildings in use and the refurbishment impact on wages*
 - *Evaluate the causes for eventual malfunction*

CONCLUSION

Success factors:

- Leading role of regional associations for social housing
- Creation of strong partnership between all regional actors to pool expertise and capital

Difficulties:

- *Gather all actors to set common objectives/procedures and avoid work duplication*
- *As many structures as regions...*

For the first call for proposals, project have been completed recently
=> follow up going on!

Large expectations on the next MFF

Thank you for your attention!

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