

The Housing Study – challenges of ERDF investments in housing

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Promoting social integration in deprived urban neighborhoods through housing interventions by ERDF

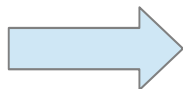
- DG Regio study on the initiative of the European Parliament - January 2012-January 2013. Work in progress
- Focused on cohesion policy contribution to sustainable urban regeneration through ERDF investments in housing 2007-13, following the various regulatory modifications
- Based on a literature review and ten case studies (UK, Estonia, Latvia, Lithuania, France, Italy, Czech Republic, Hungary, Poland and Germany)
- Main output will be a Synthesis Report and published case studies which will be widely disseminated

2006

Regulation EC 1080/2006:

Renovation of existing housing (EU12)

- Integrated urban development
- Multi-family housing and social housing
 - Renovation only



2009

Regulation EC 397/2009:

Energy efficiency and renewable energy sources (EU27)

- Economic crisis response
- Enhance energy efficiency or install renewable energies
 - Supporting social cohesion
 - Social housing and owner occupier



2010

Regulation EC 437/2010:

Housing for marginalised communities (EU27)

- Integrated approach
- Tackle housing exclusion and segregation
 - Housing construction and purchase
 - Social housing

Policy context



- Poor housing conditions in central and eastern Europe prompted the current ERDF possibilities
- Reaction on the economic crisis: all of the EU countries are now eligible for energy efficiency renewal
- Later also social integration and marginalised communities (reinforced by Europe 2020) are included in the changes to the regulations concerning ERDF and housing
- Parallel policies to reduce carbon emissions - all coming together in Europe 2020 and the new 2014-20 programmes
- Case studies reflect different contexts, challenges and approaches



Country (Source: Cecodhas, 2011)	Housing infrastructure (original 1080/2006 EC)	4% measure for energy efficiency in housing (modified in 2009)	Country	Housing infrastructure	4% measure for energy efficiency in housing
Austria			Italy		111,207,424
Belgium		3,000,000	Lithuania	206,002,279	
Bulgaria	32,325,734		Luxembourg		
Cyprus			Latvia	29,968,597	
Czech Republic	*** (0,5%)		Malta	850,000	
Germany			Netherlands		9,000,000
Denmark			Poland	243,138,869	
Estonia	7,923,127		Portugal		6,163,117
Spain			Romania	111,780,653	
Finland			Sweden		
France		250,000,000 (4%)	Slovenia		
Greece		241,000,000	Slovakia	76,000,000	
Hungary	123,740,457		United Kingdom		170,000,000
Ireland					

Countries NOT using ERDF for housing

- 10 countries of the 27 did not use at all the new opportunities for housing
 - some of them might claim to have solved most of the problems from their own resources (e.g. DE, DK, AU...)
 - others were too advanced in time with SF programming when the new opportunities came
- CECODHAS data are somewhat outdated, have to be supervised

Introducing the Case Studies



UK: Renewables and Energy Efficiency in Community Housing (REECH, Merseyside)

France: Rehabilitation of social housing, Quartier La Foret, Cambrai

Italy: Energetic Requalification of Social Housing, Turin

Estonia: Integration in social housing and orphanages, Tallinn

Latvia: Improved energy efficiency in blocks of flats (whole country)

Lithuania: Renovation of multi family apartment blocks (Jessica, whole of the country)

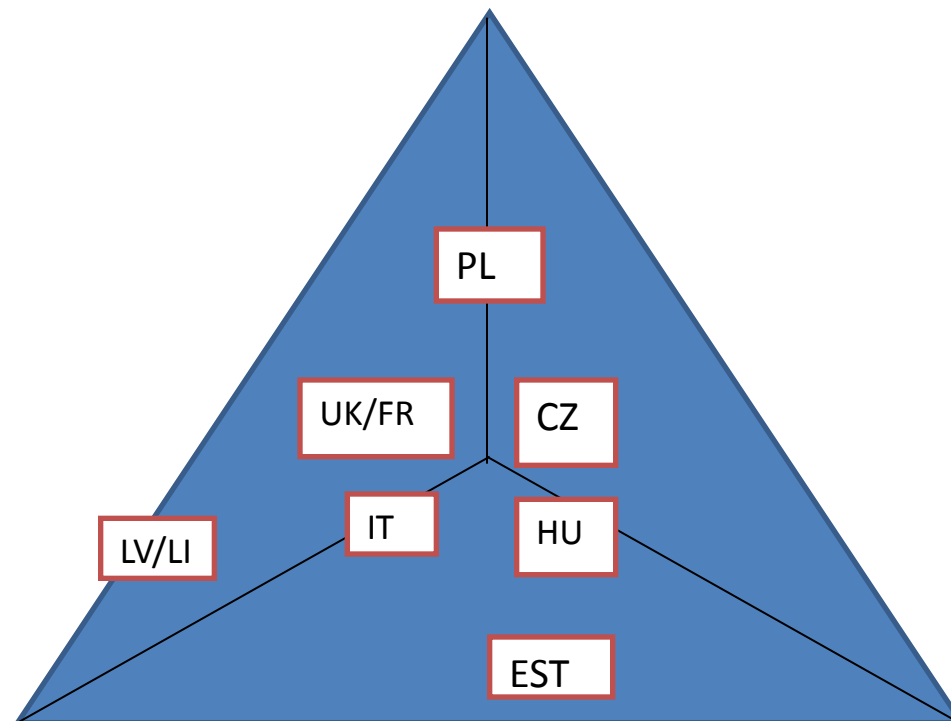
Czech Republic: Development of deprived residential City Zones in Most

Hungary: Socially sensitive rehabilitation of Ady estate, Budapest

Poland: Renovation of housing in Sieradz

*****Germany: Integrated Area Regeneration, Chemnitz**

Economy/jobs



Sustainability/energy

Social/inclusion

Example of horizontal approach: Latvia



- 50% non-repayable grant for the energy efficient renovation of multi-family residential buildings (financial framework 115 million Euro: by now more than 100 buildings completed)
- Privately owned multi-family buildings are eligible (at least 51% of the owners must agree)
- No special social targeting (however the grant is 60% in cases of at least 10% of low income residents, but nearly all multi-family buildings are eligible in general)



Example of spatially targeted approach: Hungary

- National system: integrated calls for complex interventions in socially deteriorated urban areas: housing estates and traditionally built areas
- Ady target area: deteriorated housing estate (eligible based on social indicators)
- ERDF types of interventions: partial renovation of 7 buildings, renovation of public spaces, establishment of a community centre, „facelifting” of the shop-windows



ESF types of interventions (financed from ERDF):

- trainings and employment
- community development (in the community centre)

Example of marginalized communities: Czech Republic



Two ways of distribution in CR:

- Mainstream: for low status housing estates (housing and public space renewal)
- Pilot projects: 6 projects of complex rehabilitation for most marginalized communities

In pilot projects:

- ESF interventions are compulsory
- High level of subsidy would be essential (however it was 40% for social housing in the CR)
- Technical assistance for planning (Agency for Social Inclusion)

Roma estate in MOST – 2 estates:

- Chanov: 4 buildings refurbished out of 11 (social housing)
- Stovky: condominiums – difficulties in matching funds (banks!)
- Social infrastructure facilities
- Housing reward ladder programme, social services
- Involvement of Roma in implementation
- No inclusion of the communities in planning



Are ERDF housing projects contributing to integrated sustainable regeneration in deprived areas?

Projects generally **focussed on physical improvement** to housing (particularly around energy efficiency) - less evidence of projects **actively stimulating** wider sustainable urban regeneration linked to social and economic issues.

- they have not actively sought to **maximise** economic and social benefits (ie implement supply chain, skills development or local employment initiatives)
- there has been a lack of **measurement or evaluation of wider social and economic impacts**
- most of the managers of ERDF projects are **housing practitioners** (who needed support with issues such as community development, reaching marginalised communities etc).

Are ERDF housing investments contributing to integrated sustainable regeneration in deprived areas?

- Projects generally focussed on improving **individual blocks of flats** or discrete areas of housing, rather than being part of a holistic integrated area-based development programme for entire neighbourhoods.
- Thus benefits from ERDF investment have been more direct for **individuals** (ie those living in improved housing) rather than **entire neighbourhoods**.

Are ERDF housing investments contributing to integrated sustainable regeneration in deprived areas?

- Projects often **target whole territories** with no targeting on deprived/marginalised groups (i.e. having different targeting)
- owners benefiting from ERDF projects often **self select** or **‘opted in’**-less evidence of distributing funds according to need
- owners associations often need to be established before accessing ERDF support. This can exclude most deprived living in the worst blocks who can be more transient, less cohesive and **less structured/ organised**
- owners may have to contribute large levels of their **own resources** to finance improvements excluding those on the very lowest incomes from benefitting
- loan-based projects can make it difficult for more deprived communities on lower incomes to access support (focussed on their **inability to finance a loan**)
- very poorest residents are often **eligible for financial support** with their housing benefit/ heating bills meaning less incentive for the support from an ERDF project.

Main challenges in preparation and implementation of projects

- **Match funding** - a lack of match funding required for ERDF housing projects (that are often large scale and therefore require large levels of match). Public, private, residential and banking sectors are all struggling in terms of available finance.
- **Measuring/ understanding and promoting impacts** - limited progress in measuring impacts on wider socio-economic agendas may dissuade those outside of the housing agenda from investing ERDF in housing projects.

Main challenges in preparation and implementation of projects

- **The use of loans:** ERDF loans have a clear place in supporting housing improvements in the future but there needs to be considerations around **how loan based approaches can support those most in need.**
- **Scale:** the scale and expense of tackling the housing problem is immense and ERDF plays a small part in this. ERDF projects need to **get the balance between quality and quantity** right (ie supporting enough housing to make a meaningful difference to neighbourhoods but also ensuring enough quality that makes a difference to individual owners).

Emerging findings at EU level



- **Clarity** of regulations is essential - as the current regulations are often **interpreted differently** by different MSs and even by different levels in one MS.
- Spend and deployment of ERFD regulations depends heavily on **whether similar national approaches are in place**. Spend will probably **increase** next period (ceiling removed, energy efficiency directive will effect, but depends also on budget).
- **Refurbishment** of existing housing may not be sufficient to achieve integrated results in all cases. In marginalized areas renovation of housing might **not address segregation and social exclusion** without additional social interventions and some complementary new construction and social mixing

Emerging findings at EU level



Possible types of ERDF intervention could be:

1. General **energy efficiency** programmes, with weak social targeting (but explicitly excluding high income areas), with **substantial mandatory stakeholder contributions**
2. Strongly socially targeted **integrated improvement of deprived multi-family housing** areas including energy efficiency and job-creating measures, with **mandatory stakeholder contributions**
3. **Complex integrated improvement** of the most marginalized residential areas/housing conditions with extremely strong social targeting, **little or no stakeholder contributions**.
Housing and job related measures within the area or through measures outside of it.

The **balance** of these three types of project should be transparent at a national level. Carefully designed conditionality criteria could set a minimum level for the more complex projects.

Emerging findings at National level

- **Short timescales** don't allow for integration, particularly in the case of complex projects (the most socially targeted and integrated ones) where sufficient time is needed for participative planning (through detailed consultation with stakeholder groups), step-by-step implementation and careful monitoring.
- **Mentoring and support** by higher levels of governance should replace heavy handed bureaucracy. Current approaches deter, instead of encourage, integration and creative local solutions. Cities should have **access to technical assistance** in developing and implementing complex and integrated projects to foster social inclusion.
- **ESF and ERDF integration** should be pushed forward by national/regional level requirements including integrating calls for projects and their assessment by MAs.

Emerging findings at Local level



- Cities (and the regional administration) may regard **multiple partners** as problems rather as solutions. Sufficient time and flexible administrative frameworks are needed to build effective partnerships. Big role for ETC programmes (e.g. URBACT).
- **Resident engagement and empowerment** delivers multiple benefits in identifying and delivering good local solutions and in managing expectations.
- The importance of **communication and marketing** cannot be overestimated in implementing a successful rehabilitation project targeted on excluded neighbourhoods. Information, explanation, and participation should involve also residents in the **wider neighbourhood and the city as a whole**.

Thanks for your attention!

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