European Parliament Pilot Project

Promoting social integration in deprived urban neighbourhoods through ERDF investments in housing

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Study background

- Study focussed on ERDF housing investments during 2007-2013 to inform next programming period and give inspiration to Member States, regions and local authorities for future urban regeneration projects.

- Study looked for evidence of:
  - Integrated approaches
  - Challenges
  - Lessons to be learnt
  - Good practice and innovative approaches

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Study background

Research questions:

- To what extent is there evidence of ERDF housing investments contributing to integrated sustainable urban regeneration?

- What are the main challenges encountered in the preparation and implementation of these regeneration projects?

- What lessons could be learned from the current ERDF regulation framework regarding housing interventions and its practical implementation?

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Study background

- Study ran from Jan 2012 to Feb 2013- report due in April.
- Based on literature review and ten case studies:

Geographical coverage	Project Title
UK, Merseyside and Halton	REECH (Renewable Energy and Energy Efficiency in Community Housing) Project
Germany, Saxony, Chemnitz	Chemnitz Sonnenberg
Estonia, Tallinn	Integration in social housing and orphanages
France	Quartier La Forêt, Cambrai
Latvia (whole territory)	Improved energy efficiency of blocks of flats (Daudzdzīvokļu māju siltumnoturības uzlabošanas pasākumi, activity No 3.4.4.1)
Hungary/Central Hungarian Region/Budapest/District 21 - Csepel	Socially sensitive rehabilitation of Ady housing estate
Czech Republic, Most of the Ústecký region	IPRM Mostu – DEMOS (Development of Deprived Residential City Zones and Citizens' Life Together"
Italy, Piedmont	Energetic Requalification of Social Housing
Lithuania	The renovation of multi family apartment blocks in Lithuania through the Jessica Holding Fund
Poland/Lodz Voivodship/Sieradz	Market Square Area, Sieradz

Context

- Cohesion policy support to housing first made available in 2007 to countries who joined EU from 2004 onwards. Move recognised the large extent of poor housing in urban areas:
  - 40% of urban popn. in newer Member States live in post war housing estates
  - 50-80% of apartment blocks are over 30 years old
  - Approx 30% of the housing stock in case study countries are in desperate need of renovation

- Different phases of legislative changes under cohesion policy during 2009/10 extended the eligibility of ERDF support to housing. New legislation also covered energy efficiency in housing and housing to support marginalised communities and was open to all countries.

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Context

- Initial capping of ERDF spend on housing:
  - EU12: Initial capping of 2% of their total ERDF allocation (eligibility: first only within integrated urban plans) + a new opportunity of a further 4% of ERDF allocation for energy related housing actions in favour of social cohesion (6% in total)
  - EU15: 4% of their ERDF allocation

- Uptake of ERDF for housing has been relatively low (often 1-2% of total ERDF allocation). Partly explained by:

  - Reasonably short time to implement the modifications in legislation- it takes time for regulations to filter down into policy/ practice
  - ERDF programmes/ plans were often well advanced when the legislation came into force which allowed ERDF spend on housing
  - Some countries decided not to spend ERDF on housing (e.g. Germany- linked to their approach to funding housing with national resources).

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

- ERDF housing projects often **focussed on physical improvements for energy efficiency**. High levels of energy savings found in case studies:

Country	Extent of works	Project energy savings objectives
Estonia	9 buildings	Reduce to >40kWh/m^2/year
France	8 blocks, 455 flats	Reduce to >104kWh/m^2/year
Hungary	7 blocks, 1,549 flats	Different by buildings. 8-40% reduction on energy use was anticipated
Italy	16 blocks and 652 flats	Save 147Kt emissions (80%), 7.62 Toe (10%), 20% heat loss reduction
Latvia	631 projects approved	20% heat loss reductions
Lithuania	Aim was 1,000 houses	20-40% heat loss reductions
UK	2,000 flats by 2013	12Kt reduced carbon emissions

- Drop in energy usage has a direct impact on reducing energy bills of poorer households. Savings to households on bills range from 500- 1,200 euros per year. Positive effect on the lives of deprived communities also linked to improved health (although less hard evidence of this found).

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Integrated sustainable regeneration

- Less evidence of projects being integrated and **actively stimulating** wider social and economic issues:

  - they have not activity 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).

- Therefore horizontal integration across themes is limited- less understanding of the cross cutting nature of housing activity

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Integrated sustainable regeneration

- Projects generally focussed on improving **individual blocks of flats** or discrete areas of housing, rather than being part of an holistic integrated area-based development programme for entire neighbourhoods.

- This means benefits from ERDF investment have been more direct for **individuals** (i.e. those living in improved housing) rather than **entire neighbourhoods.**

- Levels of integration of ERDF housing projects tend to mirror national traditions on integration.

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Financing

- Significant need for financial innovation- the cost of housing renovation is well beyond the means of Government resources– even with large levels of ERDF.
- Traditional ERDF grants much more active than loan based approaches
- Issues linked to ‘who benefits’ from ERDF
  - Owners benefiting from ERDF projects often have to **self select or ‘opted in’ to projects**
  - 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 which sometimes excluded those on the very lowest incomes from benefitting from projects
  - Loan-based projects make it difficult for more deprived communities on lower incomes to access support (focussed on their **inability to finance a loan**)

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Participation

- Case studies show large differences between level of participation, consultation and communication in the planning/ implementation of housing projects. However, consultation much more prevalent than robust ‘meaningful’ participation.
- Levels of participation in ERDF housing projects generally mirror participation levels in wider regeneration practices found in the Member State
- Participation was stronger at the planning stages of the project- less so in its actual implementation
- Innovative approaches to participation were limited although good practice did exist (e.g UK).

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Affordability, quality and sustainability

- Affordability
  - ERDF played a key part in tackling the affordability of housing renovation. It provided subsidy to residents of between 10-100% of the cost of renovation meaning they were much more likely to renovate their homes.
  - Less evidence of ERDF helping reduce house prices / helping marginalised groups to get onto the housing ladder/ reduce homelessness.
- Quality
  - Improving the quality of housing was often not the main objective of ERDF projects. Most EU funds in case studies were spent to increase the quantity of housing being improved or expanding the reach or geographical coverage of existing schemes.
  - Aim was to ‘improve as many properties as possible’ to an acceptable standard and help ‘as many people as possible’
  - Some evidence of ERDF being used to improve the quality of energy efficiency technologies

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Project examples

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Case study	Main theme(s)
UK, REECH	Energy efficiency
Germany, Chemnitz Sonnenberg	Integrated urban regeneration
Estonia, Integration in social housing and orphanages	Marginalised communities
France, Quartier La Forêt, Cambrai	Energy efficiency
Latvia, Improved energy efficiency of blocks of flats	Energy efficiency
Hungary, Socially sensitive rehabilitation of Ady housing estate	Integrated urban regeneration
Czech Republic, IPRM Mostu – DEMOS	Marginalised communities/ Integrated urban regeneration
Italy, Energetic Requalification of Social Housing	Energy efficiency
Lithuania, The renovation of multi family apartment blocks in Lithuania through the Jessica Holding Fund	Energy efficiency
Poland, Market Square Area, Sieradz	Integrated urban regeneration

An Integrated approach: REECH – UK

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Key Features

- Project aim: to refurbish 2,000 social housing properties using a range of technologies to make them more energy efficient
- Project received 8 million euros of ERDF and had total funding of 16 million euros
- Project runs from July 2011 to December 2013
- Good example of an integrated approach using an energy efficiency project but to support economic and social development.
- Interventions: (December 2010-December 2013)
  - Refurbishment of 2000 properties
  - 12,000 tonnes carbon reduction
  - Additional £4m GVA to the local economy
  - £9m private sector leverage (from energy companies)
  - Energy efficiency awareness raising, education and behavioural change

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Good Practice

- Maximised the economic benefits of the project through:
  - Procurement: encouraged firms to ‘think local’ during the procurement process- making it a condition for tenderers to use local sub-contractors/ labour, providing support to local SMEs to tender for contracts/ link up with larger firms
  - Promoted the use of local apprenticeships and training opportunities with successful contractors
- Strong levels of community involvement in the design and implementation of the project- use of community champions
- Strong partnership - cross sectorial partnership involving different local authorities, community partners, Housing Associations, energy firms
- Innovative evaluation strategy comparing supported and non supported housing

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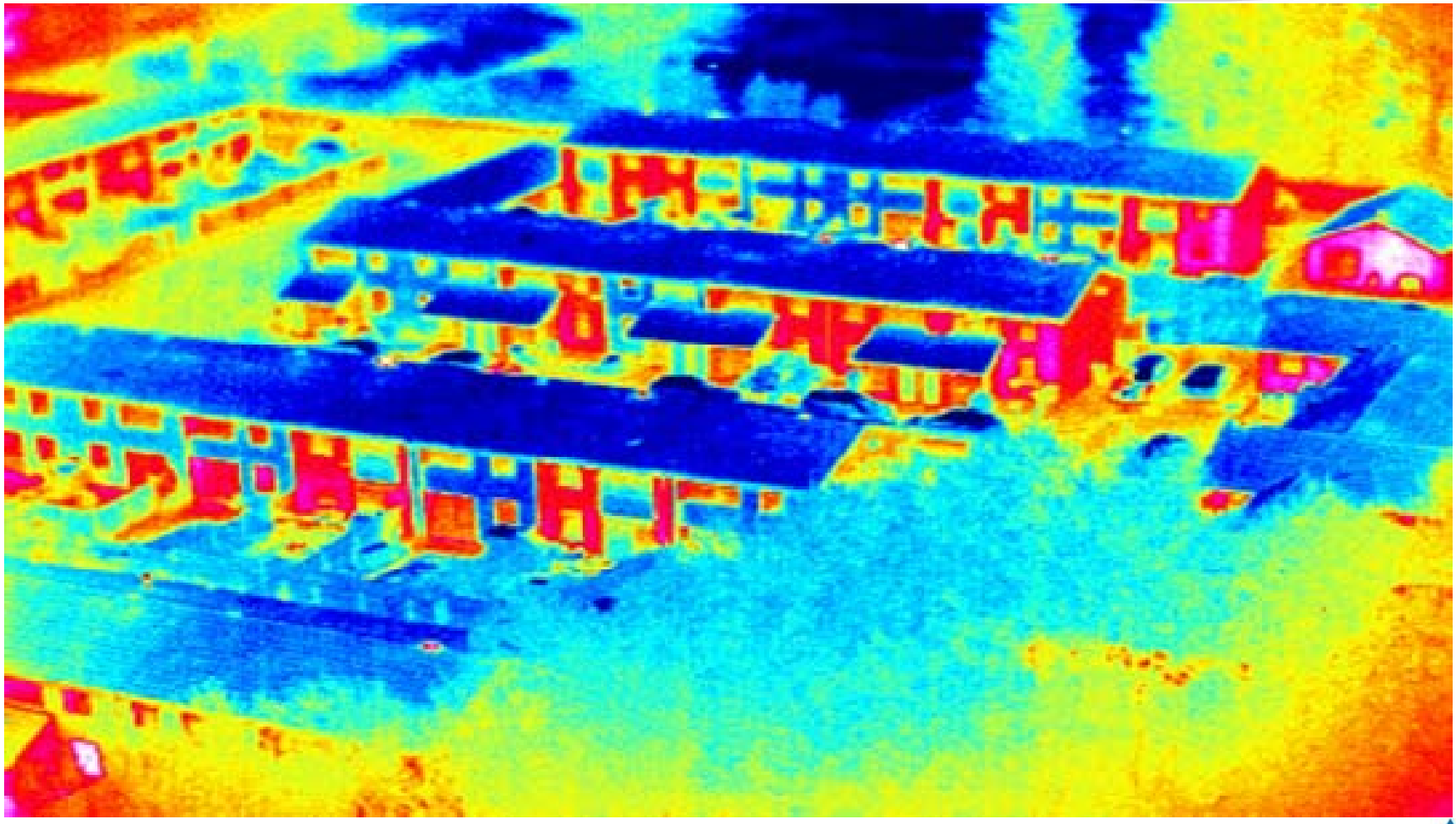
Heat Loss Image, Stockbridge



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An energy project: Jessica renovation of multi-family apartment buildings- Lithuania

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Key Features

- 227 million euro project to improve existing housing across Lithuania. 227 million euro project running from 2009-2015.

- **Good practice**: Use of Jessica loans to stretch ERDF resources further. Estimated that it would cost 13 billion euros to improve housing stock in LT alone- use of loans would quadruple the amount of homes that ERDF could support.

- Contributes up to 30% of the cost of renovation

- Target was to improve 1000 blocks but progress has been slow

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Issues

- High levels of energy savings:
  - 58% reduction in energy usage
  - 35% reduction in energy bills saving 1,100 euros per year per household

- Encouraging people to agree to a loan has been an issue:
  - poorer households were already in ‘debt’
  - relatively long-term repayment periods put off old and young
  - 30% subsidy was felt to be too low.

- Economic crisis:
  - led banks to be risk averse in lending to poorer households,
  - drop in incomes/ employment levels affected ability of tenants to pay for improvements (despite the incentive of a loan),
  - municipalities less able to support additional improvements linked to neighbourhoods.

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Marginalised communities project: IPRM Mostu – DEMOS (Developing Deprived Urban Residential Zones and Improving the Lives of Residents“, Czech Republic

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Key features

- Project aimed to improve Most by investing in housing rehabilitation, better quality public areas and stronger social/ community initiatives.
- Project received €5.61m of ERDF and runs from 2009-2014
- Project helped neighbourhoods with high number of Roma population (which have high rates of poverty and exclusion, long-term unemployment, low educational levels, and poor quality housing stock).
- Issues - change in local government saw changes to the Integrated Urban Development Plan that moved funding allocations from Roma-specific areas to more generic urban areas. This was in line with wider public sentiment, but meant that the full potential of the project was not realised in terms of marginalised groups.

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Good practice

- Good link between *hard* infrastructure investments and *softer* social investments:
  - Supported activity which promoted improvement in housing but also education, social services, health and community development. For example on education Roma young people were supported in terms of early childhood education, mentoring children in primary school, vocational education for young people and training unemployed job seekers.

- Linked ERDF and ESF funding to promote a more integrated approach

- Strong multi- agency partnership involved in overall scheme helped promote the holistic approach.

- At least 10% of people employed by construction firms on projects must be unemployed. Recruitment of unemployed people facilitated by the local NGO (House of Romani Culture). The city has extended this practice to other public projects.

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Next programming period

- No upper limit of the use of ERDF for housing
- More flexibility on what types of housing activities ERDF can be used for
- More time for Member States to plan and include housing projects into their ERDF plans and into wider integrated urban development strategies
- Key thematic objectives of 2014-20 ERDF regulations fit well with the housing agenda:
  - Supporting the shift towards a low carbon economy in all sectors
  - Promoting social inclusion and combating poverty

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