



Urban Development and EU Structural Funds: What possibilities for energy efficiency and housing?

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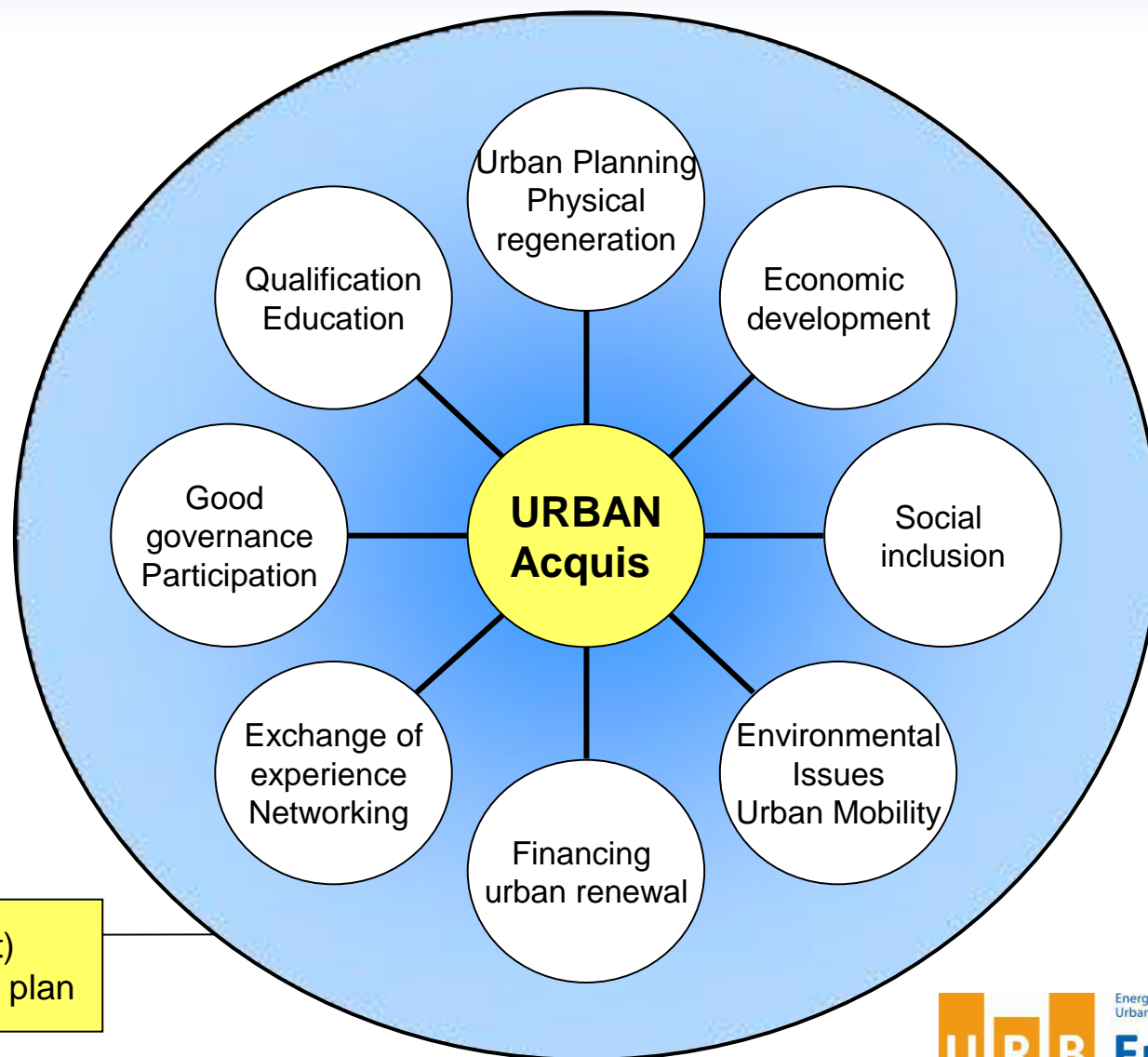




EU Structural Funds and integrated urban development

- Successful element of EU Structural Funds since 1989 (Urban Pilot Projects, URBAN Community Initiatives)
- EU regulations for 2007-2013 allow a wide scope of operations and expand the eligibility for urban actions (article 8 of ERDF regulation), possibility for financial engineering (JESSICA instrument)
- Uptake in MS varies significantly, however integrated urban development is part of many (regional or national) Operational Programmes (ERDF)
- Decision whether integrated urban development is included or not is up to regions and Member States (power of Managing Authorities in MS)

The concept of integrated urban development



What about energy-efficiency, housing and EU Structural Funds?

- Energy-efficiency measures in urban areas included in regulations since 2000-2006 (eligibility)
- Increasing importance of energy efficiency questions over the last decade
- Long-lasting debate about whether housing can be eligible under Structural Funds or not
- Controversy between Member States and within EU institutions

For EU-27, since 2007

The use of Structural Funds (ERDF) in the field of energy-efficiency, urban development and housing

Basic principles

- Regulations allow a range of energy-related actions that can be supported in all Member States (ERDF regulation)
- Partly the housing sector can also benefit
- Decision whether actions are eligible in a city or region is taken in the Operational Programme.

For EU-27, since 2007

The use of Structural Funds (ERDF) in the field of energy-efficiency, urban development and housing

Energy- and housing related actions under the ERDF

- Services which are part of an integrated urban development plan (Article 8 of 1080/2006) such as energy audits, monitoring and evaluation of energy performance of buildings; elaboration of energy efficiency local strategies or actions plans.
- Capacity-building for staff, for instance in co-owners associations, municipalities and information campaigns for consumers on rational use and energy savings, on renewable energies and climate change
- European territorial co-operation – people-to-people actions
- Different forms of investments supplying energy via networks to a defined geographical area. These investments encompass district heating systems, cogeneration units, renewable energy parks.

For EU-12, since 2007

Special eligibility provisions for housing operations under the ERDF

- Within integrated urban development operations
- Independently of energy-efficiency measures
- Focus on social inclusion and marginalised groups
- Expenditure on housing is eligible in EU-12 if certain conditions are met

For EU-12, since 2007

Special eligibility provisions for housing operations under the ERDF

Conditions - art. 7 (2) of Regulation No 1080/2006 (ERDF), amended

- (a) expenditure shall be programmed within the framework of an integrated urban development operation or priority axis for areas experiencing or threatened by physical deterioration and social exclusion;*
- (b) the allocation to housing expenditure shall be either a maximum of 3 % of the ERDF allocation to the operational programmes concerned or 2 % of the total ERDF allocation;*
- (c) expenditure shall be limited to multi-family housing, or buildings owned by public authorities or non-profit operators for use as housing designated for low-income households or people with special needs*

For EU-27, since 2009

New ERDF funding opportunities on energy efficiency and renewable energy in existing housing in all EU 27

Amendments to the general regulation and ERDF regulation

- Energy-efficiency measures in housing become eligible in all MS
- Against the background of the European Economic Recovery package

Article 7 (1.a) of Regulation (EC) No 1080/2006 (ERDF), amended

In each Member State, expenditure on energy efficiency improvements and on the use of renewable energy in existing housing shall be eligible up to an amount of 4 % of the total ERDF allocation.

Member States shall define categories of eligible housing in national rules (...) in order to support social cohesion.

What can we expect in the future?

- Commission proposal for post-2013 structural funds already published, negotiations in the Council (= national ministries!) have started
- Strong focus on Europe 2020 goals (smart, sustainable and socially inclusive growth), therefore also energy questions
- 11 investment priorities from which MS will select
- General Commission line to strengthen the urban dimension of Structural Funds, including a minimum allocation for urban development

A stronger urban dimension

“The proposed Regulation provides for an increased focus on sustainable urban development.

The increased focus is to be achieved through the earmarking of a minimum of 5% of ERDF resources for sustainable urban development, the establishment of an urban development platform to promote capacity building and exchange of experience, and the adoption of a list of cities where integrated actions for sustainable urban development will be implemented.”

Commission proposal for ERDF regulation

Energy efficiency as one of 11 thematic priorities

“(4) Supporting the shift towards a low-carbon economy in all sectors:

(a) promoting the production and distribution of renewable energy sources;

(b) promoting energy efficiency and renewable energy use in SMEs;

(c) supporting energy efficiency and renewable energy use in public infrastructures and in the housing sector;

(d) developing smart distribution systems at low voltage levels;

(e) promoting low-carbon strategies for urban areas;.”

Commission proposal for ERDF regulation

Outlook

- Negotiations between Commission and Council are on-going - so far, no major objections to proposed urban actions
- Debate with European Parliament still to come – usually pro-urban
- But: Parallel debate about the future EU budget will still have important influence

Some practical recommendations

- EU Regulations allow far more than applied in practice – ERDF as a source for energy-efficiency, housing and urban development should be used
- Contact with regional and national ERDF Managing Authorities is critical
- Early discussions with national and regional ministries about post-2013 period necessary
- In parallel: early preparation of local or regional actions (delivery of ready-to-implement strategies are a competitive advantage)
- Strong concentration on thematic priorities might leads to very tight frameworks



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