

## EFSI Operation Scoreboard<sup>1</sup>

<b>PROJECT PRESENTATION</b>	
<b><u>Project name</u></b>	AFFORDABLE HOUSING IN SWEDEN
<b><u>Promoter and financial intermediary</u></b>	HEIMSTADEN BOSTAD AB
<b><u>Country of implementation</u></b>	Sweden
<b><u>Summary project description</u></b>	The Project will finance eight affordable housing investment schemes in five different cities in Sweden. About 3,300 affordable rental-housing units will be built. The average size of housing units is 45 m <sup>2</sup> . Some of the investments include social service facilities such as healthcare, elderly care and library services. An additional 73 rental units will be dedicated to elderly care facilities. Investments are located in either brownfield sites or areas designated for densification of existing neighbourhoods.

<sup>1</sup> This Scoreboard of indicators reflects the information presented to the EFSI Investment Committee (IC) for its decision on the use of the EU guarantee for this operation. Therefore, the document does not take into account possible developments that could have occurred after this decision.

Parts of this document that fall under the exceptions for disclosure defined by the EIB Group Transparency Policy, notably under articles 5.5 (protection of commercial interests) and 5.6 (protection of the Bank's internal decision-making process), have been replaced by the symbol [...].

## PROJECT PILLAR ASSESSMENT

### Pillar 1

Contribution to EU policy		High
<b>Cross-cutting objectives</b>		
Climate Action		100.00%
<b>EFSI</b>		
Contribution to EFSI		100.00%
EFSI: Environment and resource efficiency		100.00%
Sustainable urban and rural development		100.00%

### Pillar 2

Quality and soundness of the project		Excellent
1. Growth		[...]
2. Promoter capabilities		[...]
3. Sustainability		[...]
4. Employment		[...]

This pillar evaluates the quality and soundness of the operation. This pillar is composed of up to four indicators, as relevant, among which:

- (i) "Growth" i.e. for example and where relevant the economic rate of return ('ERR'), which considers the project's socioeconomic costs and benefits, including its spillover effects;
- (ii) "Promoter capabilities" i.e. the capacity of the promoter/intermediary to implement the project and create the expected impact at the [final] beneficiary level;
- (iii) "Sustainability" i.e. environmental and social sustainability<sup>2</sup>;
- (iv) "Employment" i.e. the project's direct employment effect;
- (v) "Increasing access to finance and improving financing conditions including for final beneficiaries".

### Pillar 3

EIB Technical and financial contribution to the project		Significant
1. Financial contribution		[...]
2. Financial facilitation		[...]
3. Advice		[...]

This pillar measures the EIB's particular contribution to the project and its financing scheme in the form of financial and non-financial benefits which go beyond what commercial players would normally be able to offer. This dimension of value added is assessed through up to three indicators:

- (i) "Financial Contribution" i.e. improving the counterpart's funding terms compared to market sources of finance (interest rate reduction and/or longer lending tenor);
- (ii) "Financial Facilitation" i.e. helping to attract private financiers (for example through positive signaling effects), promoting synergies in co-financing with other public sources of funds including National Promotional Banks or EU financial instruments;
- (iii) "Technical Contribution and Advice" i.e. providing advice with a view to optimizing the financing package (financial structuring), or technical advisory services in the form of expert input / knowledge transfer - provided in-house by the EIB or in the form of assignments to external consultants - to facilitate the preparation or implementation of a project.

<sup>2</sup> For additional information on the EIB's assessment of the project's environmental and social aspects, please refer to the project's Environmental and Social Data Sheet (ESDS) published on the EIB website.

## **Pillar 4 - Complementary indicators**

### ***Additionality***

In line with the EFSI objective of developing the energy sector in accordance with the Energy Union priorities - moderation of energy demand - and EU directives Energy Performance of Buildings Directive (EPBD), the operation will promote the early adoption and construction of new residential NZEB buildings. As such, it also contributes 100% to the EIB climate action objective. The NZEB high performance residential buildings are expected to generate a number of benefits (reduced energy bill, lower maintenance costs, longer asset life, and thermal comfort benefits) and thus will help to achieve the Swedish national energy efficiency targets.

The operation is consistent with the EU2020 strategy for smart, sustainable and inclusive growth. Affordable housing plays a key part in the achievement of the objectives of the Europe 2020 strategy. It contributes to ensuring high levels of employment, inclusion and social cohesion, to promoting job mobility. The operation is fully in line with the objectives of the Urban Agenda for the EU as presented in the Pact of Amsterdam of May 2016, which includes housing among its priority themes.

The demand for rental housing exceeds the supply and the shortage is further aggravated by high urbanization and immigration rate. The investments are hindered by the high regulation of the residential property market affecting the rent levels and on the other hand by high construction costs. The Project will help to lower tensions in the rental residential market in major metropolitan areas of Sweden, addressing the market failure.

The operation is expected to contribute to urban regeneration and in the long-term better social integration of different income groups. Development of new affordable housing will help regeneration of brownfield sites and densify the neighbourhoods. The operation will contribute to make their neighbourhoods more diverse, attractive and better integrated.

The borrower is facing a sub-optimal investment situation with a robust pipeline of construction of affordable and NZEB residential projects, being constrained by limited availability of long-term unsecured financing for the real estate sector in the Swedish market. Due to the unsecured characteristic and longer tenor of the EIB loan compared to existing debt, the EIB would not be able to provide such type of financing support during the period in which the EU guarantee can be used, or not to the same extent, without EFSI. The loan will be the first for the EIB with the Promoter.

## Set of indicators related to the macroeconomic environment

### Sweden - Economic environment

#### Economic Performance

	SE 2018	EU 2018	US 2018	SE 2001-2007
GDP per capita (EUR, PPS)	37,116.99	30,935.11	43,569.11	34,958.52
GDP growth (%)	2.34	1.96	2.85	3.03
Potential GDP growth (%)	2.15	1.60	2.23	2.79
Output gap (% of potential GDP)	0.49	0.61	0.74	0.60
Unemployment Rate (%)	6.40	6.60	3.90	6.68
Unemployment Rate (%) - Y/Y change (% points)	0.00	-0.60	-0.20	0.15
Bank-interest rates to non-financial corporations (%)	1.19	1.26	--	3.58
Bank-interest rates to non-financial corporations (%) - Y/Y change (% points)	-0.02	-0.06	--	1.25
Investment rate (GFCF as % of GDP) - Total	25.35	20.54	20.84	22.38
Investment rate (GFCF as % of GDP) - Public	4.79	2.85	3.30	4.15
Investment rate (GFCF as % of GDP) - Private	20.55	17.68	17.53	18.22

#### General Sector Indicators

	2014	2015	2016	2017	EU (latest available)
Value added in Construction (% of total VA)	--	--	--	--	5.90
Employment in Construction (% of total employment)	--	--	--	--	6.60

#### Urban development

	2014	2015	2016	2017	EU (latest available)
Urban population as % of total population	85.66	85.81	--	--	--
Urban population exposure to air pollution by particulate matter (Micrograms per cubic metre)	14.30	--	--	--	22.50
Unemployment rate - Cities (%)	8.69	8.00	7.40	--	9.10
Unemployment rate - Towns and suburbs (%)	8.50	7.70	7.30	--	8.30
Unemployment rate - Rural areas (%)	7.00	6.80	6.60	--	8.40
At risk poverty rate - Cities (%)	15.10	15.60	--	--	16.69
At risk poverty rate - Towns and suburbs (%)	13.80	12.90	--	--	16.00
At risk poverty rate - Rural areas (%)	16.69	15.19	--	--	19.80
Severe housing deprivation rate - Cities (%)	2.30	2.70	--	--	4.80
Severe housing deprivation rate - Towns and suburbs (%)	1.50	1.60	--	--	4.00
Severe housing deprivation rate - Rural areas (%)	0.90	1.70	--	--	6.20
Households level of internet access - Cities (%)	93.00	92.00	97.00	--	88.00
Households level of internet access - Towns and suburbs (%)	90.00	90.00	94.00	--	86.00
Households level of internet access - Rural areas (%)	84.00	90.00	89.00	--	80.00

- Country average for "GDP per capita (EUR, PPS)" is calculated in real terms

- EU value for "Bank-interest rates to non-financial cooperations" corresponds to Euro Area average; Country average is the simple average between 2003 and 2007

- *The EU value is displayed as the value in the year that corresponds to the latest value of the indicator in a particular country*

### Other indicators<sup>3</sup>

Key project characteristics	Expected value at PCR
Start of works	01.01.2019
End of works	31.12.2023
Project investment cost [MEUR]	571.48 MEUR
EIB/EFSI eligible investment mobilised [MEUR]	483.00 MEUR
External EFSI multiplier	1.70
External EIB (non-EFSI) multiplier	
Amount of private financing [MEUR]	286.59 MEUR
Quick start (% of expenditure during 2015-2018) [%]	
Co-financing with national promotional banks [MEUR]	0.00 MEUR
Co-financing with structural funds (ESIF) [MEUR]	0.00 MEUR
Co-financing with other EU instruments (i.e. Horizon 2020, Connecting Europe Facility, etc) [MEUR]	
Energy efficiencies realised [MWh/a]	1,974.00 MWh/a
Climate Action indicator	100.00% Mitigation - Energy Efficiency (transversal)
Employment during construction - temporary jobs [person years]	1,696 person years
Employment during operation - new permanent jobs [FTE]	0 FTE

<sup>3</sup> For additional information on the EIB's assessment of the project's environmental and social aspects, please refer to the project's Environmental and Social Data Sheet (ESDS) published on the EIB website. The abbreviation PCR stands for Project Completion Report. If applicable, a difference between the amount of Project investment costs and EIB/EFSI eligible investment mobilized might derive from the fluctuation of the underlying exchange rate.