



Luxembourg, 20 November 2023

Environmental and Social Completion Sheet (ESCS)

Overview

Project Name: THFC AFFORDABLE HOUSING FINANCE - II

Project Number: 2014-0750

Country: United Kingdom

Project Description: The Project involves a second EIB loan of GBP 1 bn to a special purpose entity established by The Housing Finance Corporation (THFC) for the purpose of on lending to final beneficiaries carrying out investments in the social housing and urban regeneration sector throughout the UK. The EIB loan benefited from a UK government guarantee extended to all borrowers of the special purpose entity Affordable Housing Finance PLC. The Project was a key component of the UK government's housing policy and economic stimulus package.

Summary of Environmental and Social Assessment at Completion

EIB notes the following Environmental and Social performance and key outcomes at Project Completion.

The Project financed affordable housing schemes in the United Kingdom through Affordable Housing Finance plc (AHF), comprising the construction of social and affordable housing for rent and shared ownership and associated social and urban infrastructure facilities.

Positive net environmental and social benefits resulted from implementing the social housing investments, notably thanks to the high energy efficiency of the new housing units and the increase of social housing units in the housing stock. Given the high demand and the densely populated cities, a substantial part of the housing investments was located in already urbanised areas.

According to the information provided by the promoter, none of the schemes affected a protected area, including areas designated as Natura 2000 before Brexit.

During construction, some unavoidable disturbances due to noise and dust were encountered, however, they were minimised when possible.

At the time of appraisal (before Brexit), relevant EU Directives were transposed into national/regional legislation (EIA Directive, Birds and Habitat Directive, Energy Performance Directive). The housing schemes financed were part of urban renewal concepts and local urban development plans. Strategic Environmental Assessments were carried out at local development framework level, which set the general context for the housing schemes. Public consultations were carried out when required.

For schemes requiring an Environmental Impact Assessment as defined under the EU Directive 2011/92/EU the Final Beneficiaries submitted to the Bank the non-technical summary of the EIA or demonstrated a proper clearance of the affection prior to the use of funds. Out of 597 sub-schemes, 64 (around 11%) required an EIA. The EIA documents were published when required in the relevant official channels and some selected samples were submitted to the Bank.

The new social housing schemes financed complied with high environmental standards and significantly contributed to the improvement of the urban environment. The EU Directive on



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Energy Performance of Buildings (EPBD) (2010/31/EU) was implemented into UK legislation on a regional basis as amendment to the Building Regulations. The vast majority (around 97%) of the new social housing construction achieved in average a UK Sustainable Homes Code Level 3, or an Energy Performance Certificate with a minimum score equal to a B rating. The marginal number of schemes that could not achieve this target is considered acceptable for such a large number of schemes implemented.

Summary opinion of Environmental and Social aspects at completion:

EIB is of the opinion based on reports from the promoter, and/or inputs provided by Lenders' Supervisors and others, where applicable, during Construction that the Project has been implemented in line with EIB Environmental and Social Standards, applicable at the time of appraisal.